FOREIGN
BROADCAST
INFORMATION
SERVICE

Daily Report

Latin America

FBIS-LAT-95-004
Friday
6 January 1995

Daily Report
Latin America

FBIS-LAT-95-004 CONTENTS *6 January 1995*

INTER-AMERICAN AFFAIRS

- Mercosur Common Market Issues Group Resolutions *[GAZETA MERCANTIL 19 Dec]* 1
- Mercosur Tariff Adjustment System Published *[GAZETA MERCANTIL 20 Dec]* 4
- Mercosur Accord on Defense of Competition *[GAZETA MERCANTIL 20 Dec]* 5
- Argentine-Brazilian Automotive Accord Issued *[GAZETA MERCANTIL 20 Dec]* 7
- Argentine-Uruguayan Accord on Automotive Industry Published *[GAZETA MERCANTIL 20 Dec]* 7
- Brazilian-Uruguayan Automotive Accord Highlighted *[GAZETA MERCANTIL 20 Dec]* 8
- Haitian Envoy Assumes OAS Permanent Council Chair *[CANA]* 9

CARIBBEAN

Cuba

- Ministry Spokesman Clarifies Migration Payment Rumors *[Havana Radio]* 10
- Ministry Spokesman Denies Addition to 'Excludables' List *[Hamburg DPA]* 10
- Radio Reports U.S. To Deport Refugees in Panama *[Havana Radio]* 10
- Commentary Views 'Rafters' on Guantanamo, Panama *[Havana Radio]* 10
- 'Forced Repatriation' of Guantanamo Haitians Reported *[PRENSA LATINA]* 11
- UN Envoy Details New York Council Meeting *[Havana Radio]* 11
- Kazakhstan's Tokayev Backs Expanding Relations *[PRENSA LATINA]* 12
    - Robaina Terms Visit Successful *[PRENSA LATINA]* 12
    - Holds Talks With Robaina *[Havana Radio]* 13
    - Meets With Castro *[Havana Radio]* 13
- Honduran Parliamentary Official Opposes U.S. Blockade *[PRENSA LATINA]* 13
- Jordan Praises Guantanamo Agricultural Production *[Havana TV]* 14
- Ecuador's Gallardo Denies 'Clashes' With Peru *[PRENSA LATINA]* 14
- Foreign Minister Discusses Planned Visits *[PRENSA LATINA]* 15
- Interior Minister Honors PNR During UJC Ceremony *[Havana Radio]* 15
- Torres Announces Goal To Build 15,000 Houses in 1995 *[Havana Radio]* 15
- Buy-Sell Contracts for Sugar Viewed *[TRABAJADORES 28 Nov]* 15

Bahamas

- Prime Minister Announces Cabinet Reshuffle *[CANA]* 17

Haiti

- Radio Reports U.S. Coast Guard Repatriations 4 Jan *[Port-au-Prince Radio]* 18
- Cedras Accused of Embezzling Military Pension Funds *[Port-au-Prince Radio]* 18
- Paper Lists High-Ranking Army Personnel *[LE NOUVELLISTE 28 Dec]* 18

MEXICO

- SRE Continues To Promote Salinas' WTO Candidacy *[LA JORNADA 4 Jan]* 19
- Foreign Policy Seeks To Strengthen Economic Ties in 1995 *[UNOMASUNO 3 Jan]* 19
- Finance Secretary on Country's 'Healthy' Economy *[Mexico City TV]* 19
- PRD Officials React To Economic Program *[UNOMASUNO 5 Jan]* 20
- Secretary Denies Aid Conditional on Pemex Privatization *[UNOMASUNO 4 Jan]* 21
- Bank of Mexico Establishes Ceiling for Internal Credit *[Mexico City TV]* 22
- Banks Adjusting Interest Rates for Credit Cards *[REFORMA 3 Jan]* 22
- Bankers React to Plan To Open to Foreign Investment *[REFORMA 5 Jan]* 22
- Finance Secretary Outlines Privatization Plans *[NOTIMEX]* 23
- Exporters Want Ports To Stay in Mexican Hands *[EL FINANCIERO 4 Jan]* 23

Private Sector Leaders on Economic Program *[EL FINANCIERO 4 Jan]* 24
Private Enteprise Supports Pemex Price Hikes *[REFORMA 5 Jan]* 26
Reports Note $23.482 Billion Flight of Capital *[LA JORNADA 4 Jan]* 26
Electricians Union Refuses To Sign Emergency Program *[REFORMA 4 Jan]* 27
NOTIMEX Workers Threaten To Strike 17 Jan *[AFP]* 27
Leftist Groups Protest Emergency Plan in Mexico City *[Hamburg DPA]* 28
Banking Association Head on Emergency Plan *[EL FINANCIERO 4 Jan]* 28
Labor Leaders Foresee Drop in Wages, Job Creation *[UNOMASUNO 4 Jan]* 29
Economic Plan Talks Represent 'Defeat' for Unions *[REFORMA 4 Jan]* 29
Editorial: Americans 'Feel Cheated' by Economic Crisis *[REFORMA 4 Jan]* 30
Article on Business, Peasant, Labor Roles in Agreement *[REFORMA 4 Jan]* 31
Editorial Urges Political, Social Commitment to Reform *[LA JORNADA 4 Jan]* 32
Congress To Debate Transport, Communication Privatization *[LA JORNADA 4 Jan]* 32
Roundup of Economic Developments *[Mexico City TV, etc.]* 33
PRD Members Block Access to Tabasco Government Palace *[Mexico City TV]* 33
Chiapas Congress Rejects PRD 'Self-Appointments' *[NOTIMEX]* 34
People's Defense Committee Holds First Congress *[LA JORNADA 2 Jan]* 34
Movement Appeals to Zedillo on Peace in Chiapas *[LA JORNADA 4 Jan]* 34
Army Said To Want Peaceful Solution in Chiapas *[UNOMASUNO 3 Jan]* 35
  EZLN Concerned by Army Forays *[LA JORNADA 4 Jan]* 36

CENTRAL AMERICA

Guatemala

De Leon Proposes Signing of Peace Accord Accord to UN *[SIGLO VEINTIUNO 4 Jan]* 37
Peso Devaluation To Boost Trade Deficit With Mexico *[ACAN]* 37

Honduras

Reina Views Polls, Spanish Minister, Issues *[Tegucigalpa Radio]* 37

Nicaragua

Foreign Minister on Republican Majority in U.S. Congress *[Managua TV]* 38
Economy Ministry Monitoring Effects of Mexican Peso *[Managua TV]* 39
Presidency Denies Plans to Hinder Assembly *[LA PRENSA 4 Jan]* 39
EPS Announces Death of Recontra Leader *[BARRICADA 5 Jan]* 39

Panama

Minister: Entry Into WTO 'Necessary' *[EL SIGLO 4 Jan]* 40

SOUTH AMERICA

Argentina

Vice Foreign Minister Minimizes Possible Falklands Conflict *[NOTICIAS ARGENTINAS]* 41
Ukrainian Deputy Prime Minister Visits; Signs Protocol *[TELAM]* 41
Economy Minister, Officials Meet, Discuss Market Situation *[NOTICIAS ARGENTINAS]* 41

Bolivia

Foreign Ministry Issues Communique on U.S. Embassy Charges *[La Paz Radio]* 42
  Supreme Court Responds *[La Paz TV]* 42
  Foreign Ministry: Incident 'Closed' *[La Paz Radio]* 42
Migration Trends Described, Evaluated *[PRESENCIA 4 Dec]* 42

Brazil

International Accord on Parana River Approved *[EL PAIS 26 Dec]* 44

Article Views Future of Workers Party, Need to 'Redefine' *[O ESTADO DE SAO PAULO 31 Dec]* 44
Esteves Confirmed as Nuclear Energy Commission Chief *[AGENCIA ESTADO]* 45
IBGE Releases 1991 Population Census Figures *[O GLOBO 20 Dec]* 45

Chile

Insulza Interviewed on Grapes Case, Cuba *[Santiago TV]* 46
Security Council To Discuss Laguna del Desierto Ruling *[Madrid EFE]* 47
Former Guerrillas Urge 'National Disobedience' *[Madrid EFE]* 47

Colombia

Commander Details Army Actions in Putumayo *[Santa Fe de Bogota Radio]* 48
Local Government Fears Spread of Peasant Strike *[Santa Fe de Bogota Radio]* 48
Putumayo Explosions Cause 'Incalculable' Damage *[Santa Fe de Bogota TV]* 48
    3d Fuel Tank Set on Fire *[Santa Fe de Bogota TV]* 49
Government Minister Views Putumayo Incidents *[Santa Fe de Bogota TV]* 50
Army Airplanes Land in Putumayo; Ecopetrol Official Remarks *[Santa Fe de Bogota TV]* 50
Minister: No Talks With Demonstrators Until Protests End *[Santa Fe de Bogota TV]* 51

Ecuador

Deputy Reports Clash Between Ecuadoran, Peruvian Troops *[NOTIMEX]* 51
    Foreign Minister Denies Clashes *[AFP]* 51

Peru

'Feliciano,' SL Column Spotted in Conchucos Valley *[LA REPUBLICA 18 Dec]* 52
Fujimori Approves Army, Navy, Air Force Promotions *[LA REPUBLICA 28 Dec]* 52
Security Forces Members Eliminated From Voters' Lists *[Madrid EFE]* 53
Army Communique Addresses Corruption Issue *[EXPRESO 15 Dec]* 54
APRA Decides To Maintain Cabanillas' Candidacy *[LA REPUBLICA 26 Dec]* 55
UPP Candidate on Economy, Democracy *[SI 27 Nov]* 56

Uruguay

Study: Mercosur Poses Problems for 'Most' Companies *[TELAM]* 58

Venezuela

Minister on Efforts To Pursue Economic Criminals Overseas *[REPORTE DE LA ECONOMIA 4 Jan]* 59
Minister: 'Excessive Liquidity Will Be Drained' in Feb *[EL GLOBO 4 Jan]* 59
Minister Says Price Controls Will Remain *[Caracas Radio]* 59
Intervention Board Urges Liquidation of Bank of Maracaibo *[Caracas Radio]* 60
New Air Force Commander Outlines Goals, Discusses Incident *[Caracas TV]* 60

Guyana

President Praises 'Trinidad Terms' for Debt *[CANA]* 61

Mercosur Common Market Issues Group Resolutions

PY0501145095 Sao Paulo GAZETA MERCANTIL in Portuguese 19 Dec 94 p 8

[FBIS Translated Text] Text of approved resolutions Nos. 82/94 to 130/94

Mercosur [Common Market of the South] Common Market Group [GMC] Administrative Secretariat

Mercosur/GMC XVI/Act No.7/94

XVI Common Market Meeting.

On 14 and 15 December 1994 the XVI meeting of the Common Market Group took place in the city of Ouro Preto, in the presence of delegations from Argentina, Brazil, Paraguay, and Uruguay.

The delegation members who attended the meeting are listed in Annex I of this act.

The agenda of the meeting is included in Annex II.

The Common Market Group examined several subjects on the agenda, and approved Resolutions No. 82/94 to 130/94, which are included in Annex III.

A. Foreign Relations

1) Free Trade Area of the Americas [FTAA].

The Common Market Group has learned, with satisfaction, of the results of the Miami Summit, and especially of the decision to create the FTAA, which will be based on subregional integration groups.

The Common Market Group has decided to resume discussion of this subject during its next meeting, with the purpose of coordinating positions for the next negotiation stages with the FTAA.

2) Mercosur/Australia/New Zealand (ANZCERTA) [expansion unknown].

The Common Market Group has learned of the preliminary contacts made with the Free Trade Area of Australia and New Zealand.

3) Mercosur-ALADI [Latin American Integration Association].

The Common Market Group has verified, with satisfaction, the progress attained in the negotiations carried out by Mercosur with the South American member countries of ALADI. The Common Market Group verified with special satisfaction the fact that ALADI had signed the protocols extending reciprocal preferences, as well as a protocol to negotiate before June 1995 a free trade zone that will be created within the next 10 years.

In examining the issue of Mexico, the Common Market Group expressed deep concern with the current negotiation status. It reiterated the importance of extending before 31 December the preferences agreed upon, and to begin during the first half of 1995 negotiations to increase those preferences and to decide on the treatment to be given on the subject of compensations. With this purpose the Common Market Group has decided to instruct its diplomatic missions in Mexico City to engage in joint talks with the pertinent Mexican authorities. The Common Market Group also agreed to inform the Common Market Council about the subject.

4) Agreement among the Mercosur countries within the framework of ALADI.

The Common Market Group considered that it is necessary to harmonize all existing agreements among member nations with the current Mercosur norms. Thus, recalling what is established by Article 12 of Decision No. 7/94, the Common Market Group considers it necessary to harmonize the ACE-1 and ACE-2 [expansion unknown] before 30 June 1995, in the following aspects:

a) products that will be included;

b) quantification of products whenever this corresponds;

c) the products to which the 50 percent non-origin principle will be applied to, and the program of gradual linear convergence to the Mercosur origin norm; and

d) the products that will be included in the temporary admission system and in the automatic linear reduction program before 2001.

5) The Common Market Group has agreed to instruct its representations before ALADI to immediately register the following decisions:

No. 22/94 (on the Common External Tariff) [CET]

No. 23/94 (specific origin requisites)

No. 24/94 (gradual Tariff Adjustment System)

6) Mercosur-EU.

The Common Market Group has learned with satisfaction of the decision made by the EU Council during its last meeting in Essen, with the idea of beginning negotiations with the Mercosur. The Common Market Group has decided to instruct its missions in Brussels to continue negotiations that will allow it to as soon as possible draft a "Memorandum of Understanding" between the EU and Mercosur.

The Common Market Group expressed its concern with the consequences that the next revision of the EU General System of Preferences will bring to Mercosur. The Common Market Group has therefore decided to authorize individual negotiations on the subject in Brussels and in any other capital where this is necessary.

7) Consolidation of GATT.

The Common Market Group approved the text of the draft Mercosur communique for GATT members, which is included in Annex IV. The Common Market Group took notice of the list distributed by Uruguay on the notifications that will have to be made by Mercosur members during the initial period, when the World Trade Organization rules begin to be applied and which are included in Annex V. The Common Market Group has decided to send the list for examination to the delegations in Geneva, so that they can suggest the next stages that Mercosur must comply with regarding the subject.

The Common Market Group has decided to maintain and reinforce the coordination mechanisms, not only to carry out negotiations with the GATT but also to examine the commitments resulting from the Uruguay Round of the GATT talks.

B. CET

8) Draft Decision No. 50 22/94 has been sent to the Common Market Council so that it can approve the CET of Mercosur, the structure of which is based on the Harmonized System Nomenclature document that will come into effect on 1 January 1995, together with the lists on convergence of capital goods, informatics, and telecommunications; the national lists of exceptions to the CET; and the lists of the Gradual Tariff Adjustment System.

9) A 14 percent tariff was agreed upon for malt (items 1107.10.10, 1107.1020, 1107.20.10, 1107.20.20 of the NCM [Common Nomenclature of Mercosur].

Considering the great interest in and sensitivity of this product for the Paraguayan economy, it has been agreed upon that the governments will supervise the prices charged by regional producers when they sell malt to Paraguay, with the purpose of avoiding a distortion of prices in that market in comparison with the prevailing prices in the international market.

Once a discriminatory practice is detected, the Paraguayan Government can directly activate the mechanism foreseen in Article 21 of the Ouro Preto Protocol and/or of Chapter IV of the Brasilia Protocol on the Solution of Controversies.

10) The Common Market Group has instructed the Technical Group of Nomenclature to make the following changes to the NCM:

1. Incorporate the following subitems:

03.05.59.10—codfish (gadidae): 0 percent

03.05.59.90—others: 10 percent

2. Modify the text of subitem 90.15.90.10 to read: "of instruments or equipment from subposition 90.15.40"

11) The lists of exceptions to the Common External Tariff have been agreed upon, and they are included as Annexes of Draft Decision No.22/94.

12) The Common Market Group has agreed to create a Technical Committee within the scope of the Trade Commission, to study the suitability of adopting a common policy of imports for textile goods. It has thus approved Resolution No. 124/94.

13) Draft Decision No.19/94 on the sugar industry has been submitted to the Common Market Council, thus renovating the mandate of the Ad Hoc Group to define a Gradual Tariff Adjustment System for the industry. Its mandate will conclude in 2001.

C. Trade Within Mercosur

14) Draft Decision No. 24/94 has been submitted to the Common Market Council. This draft decision approves the lists of products that will constitute the Final Gradual Tariff Adjustment System to the Customs Union.

15) Draft Decision No. 23/94 approving specific origin requisites has been submitted to the Common Market Council.

D. Car Industry

Draft Decision No. 29/94, which will be subject to the confirmation of its annex, has been submitted to the Common Market Council.

E. Non-Tariff Restrictions and Subjects Connected with Competition

16) The Common Market Group has approved Resolution No. 123/94 instructing the Trade Commission to create a Technical Committee to begin work to eliminate the non-tariff restrictions and to harmonize non-tariff measures.

17) Draft Decision No. 20/94, instructing the Trade Commission to create a Technical Committee to deal with public policies that distort competitiveness, has been submitted to the Common Market Council.

18) Draft Decision No. 21/94 approving the general guidelines in defense of fair competition in Mercosur has been submitted to the Common Market Council.

F. Customs Matters

19) Draft Decision No.25/94 approving the Mercosur customs code has been submitted to the Common Market Council.

Draft Decisions No. 16/94 (Customs Clearance), No. 17/94 (Customs Value), No. 18/94 (Norm for Relative Application to the Baggage System within Mercosur), and No. 26/94 (Norm for Processing Decisions, Criteria, and General Opinions on Tariff Classification of Merchandise), have likewise been submitted to the Common Market Council.

G. Other Customs Union Aspects

20) Resolution No. 126/94 establishing a program for the conclusion of a Common Consumers Defense Regulation has been approved.

21) The Common Market Group has evaluated the Draft Agreement on the Harmonization of Intellectual Property Norms (chapters about trademarks and geographic location) drawn up within the SGT-7 (Sub Work Group No. 7], and the subject will be resumed during the next meeting of the Common Market Group.

22) The Common Market Group approved Resolution No. 129/94 establishing procedures to investigate dumping cases within Mercosur.

23) The Common Market Group approved Resolution No. 108/94 confirming the validity of the national antidumping rights according to their original terms and entrusting the Trade Commission to reexamine the subject once the Common Regulation is approved.

24) The Common Market Group has learned of the Draft Agreement on Domestic Aid to Agriculture, drafted by the SGT-8. The Common Market Group has decided that the talks for the approval of this agreement must be resumed during the next meeting of the group. This additional period of time will allow the SGT-8 to improve the draft agreement, and to adapt it to eventual changes in the national agricultural policies and to the new decisions of the Common Market Council on public policies and solution of controversies (Annex of the Ouro Preto Protocol).

H. Follow Up to the Activities of the Sub Work Groups, Specialized Meetings, and Meetings Among Ministers

The Common Market Group has learned of the activities carried out by the Sub Work Groups, meetings among ministers, and the Specialized Meetings and it approved the Resolutions and Draft Decisions that are included in Annex III.

I. Technical Cooperation

Regarding the report presented by the Technical Cooperation Committee (CCT) which is included in Annex VI of the current Act, the Common Market Group has learned and approved the decisions of the Committee, considering the following:

I. IDB [Inter-American Development Bank]

The Common Market Group has approved the guidelines prepared by the SGT-2 in the documents "Simplification and Harmonization of Operations Inside and Outside Mercosur," "Structure and Administration of a Customs System Within a Customs Union," and "Drafting of Norms and Application of a Customs Code in Mercosur," as well as those prepared by SGT-8 in "Trade Policy Instruments for Agriculture and Livestock Products." The projects must be developed within the III Six-Month Plan of the Mercosur/IDB Agreement, as part of the cooperation foreseen for the Trade Commission.

The Common Market Group has learned of the progress attained in the preparation of documents for the second stage of the Mercosur/IDB Agreement. The Common Market Group has thus instructed the CCT to promote and begin the necessary coordination for the success of the orientation mission, scheduled to meet in February 1995, to guarantee the definition of a technical and financial cooperation project that will allow compliance with the objective that engendered the second stage of cooperation to support the productive and technological reconversion of small and middle-sized companies.

II. European Union

As for the priority subjects, the Common Market Group has learned of the signing of the Agriculture Agreement signed in Asuncion on 14 December 1994, as well as of the management contract for technical assistance signed between the SGT-2 and the SECONDE [expansion unknown] of Spain.

Regarding the Support Fund for the Pro Tempore Presidency, the changes proposed by Brazil in the seminars to be financed by the above funds have been approved, as outlined in the CCT report. Also approved was the seminar on services to be held in Asuncion in April 1995.

The Common Market Group has instructed the CCT to hold negotiations to provide for the continuity of the Support Fund for the Pro Tempore Presidency through funds obtained from the European Union.

It has been decided to suggest to the European Union that the next meeting of the Joint Consultative Committee be held in March.

III. Other Areas of Cooperation

The Common Market Group has instructed the CCT to hold negotiations to implement the FAO [UN Food and Agriculture Organization] proposal regarding technical cooperation designed to benefit the Central American countries.

A document justifying holding the Seminar on Dissemination in Berlin has been approved. The document will be submitted to the Deutsche Stiftung Fuer Entwicklungshilfe (DSE), Germany, as outlined in the CCT report.

The following documents—which are outlined in Annex VI—have been approved: "Joint Projects in Science and Technology," and "Strategy for Action," which will serve as guidelines for cooperation activities at the Specialized Meeting on Science and Technology.

J. Other Subjects

Macroeconomic Cooperation Council

Following a debate, it has been decided unanimously that it would be useful, with the advent of the customs union, to resume the meetings among economy ministers and presidents of central banks on a regular basis, so that there could be a better exchange of information and cooperation regarding macroeconomic policies among the member states.

The Argentine delegation submitted a draft decision to the Common Market Council urging those attending the meetings of economy ministers and presidents of central banks to intensify their exchange of information and cooperation among the member states. This proposal is designed to coordinate policies and to prevent the external environment and/or disagreements among national policies from having an adverse effect on the objectives of Mercosur; and to cooperate in designing a strategy that would guarantee competitiveness on the international market. The Argentine delegation announced that during the meeting of economy ministers it will submit a revised version of the above proposal. At the request of the Argentine delegation, the topic will be considered again at the next meeting of the Common Market Group.

Energy Policy

The Common Market Group discussed a proposal on energy policy guidelines submitted by the SGT-9, and noted that there was consensus regarding its content, with the exception of the point referring to the prices of hydrocarbons. It has been decided to resume discussion on the topic at the next meeting of the group.

Paraguayan Proposal on Safeguards

The Paraguayan delegation submitted a draft decision on the safeguard clause for products listed under the Gradual Tariff Adjustment System, the objective of which is to extend the system provided for under Annex IV of the Asuncion Treaty to cover the period of validity of the Gradual Tariff Adjustment System.

The delegations conveyed their preliminary reactions to the proposal, and decided to study it in detail in order to discuss it during the next meeting of the Common Market Group.

Institutional Aspects

The Common Market Group decided to submit to the Common Market Council Draft Decision No. 28/94, which designates the city of Asuncion as the seat of the ad hoc arbitration courts mentioned in the Brasilia Protocol. The Common Market Group approved Resolution No. 130/94 requesting that the Ad Hoc Group on Institutional Affairs monitor the procedures for the resolution of controversies and a standardized interpretation of the legal sources of Mercosur.

Mercosur Tariff Adjustment System Published

PY0501233095 Sao Paulo GAZETA MERCANTIL in Portuguese 20 Dec 94 p 6

["Text" of the Gradual Tariff Adjustment System approved at the 16-17 December Common Market of the South, Mercosur, meeting in Ouro Preto, Brazil]

[FBIS Translated Text] Gradual Tariff Adjustment System—Mercosur [Common Market of the South]/CMC [Common Market Council]/DEC [expansion unknown]. No. 24/94

PURSUANT TO

The Asuncion Treaty, Common Market Council Resolution No. 5/94, and Common Market Group Resolutions No. 48/94 and .../94 [ellipses as published], and

WHEREAS

Common Market Council Resolution No. 5/94 sets up the Gradual Tariff Adjustment System Toward a Customs Union establishing additional deadlines for retooling processes and structural changes for certain products;

Common Market Group Resolution No. 48/94 provides for the operational mechanisms of the Gradual Tariff Adjustment System Toward a Customs Union;

The conditions in which trade within the Mercosur is conducted are dynamic and influenced by the macroeconomic situation of signatory countries;

The Gradual Tariff Adjustment System Toward a Customs Union must reflect the aforementioned conditions so as to preclude adverse effects for other productive sectors, consumers, or final users of the products included in the said system; and

Making the Gradual Tariff Adjustment System Toward a Customs Union flexible enough so as to enable it to assess the true impact of international trade and of signatory countries' macroeconomic conditions on trade within the Mercosur will increase economic operators' adhesion to the integration process.

THE COMMON MARKET COUNCIL HEREBY RESOLVES:

Article 1. To approve the Lists of Products of each signatory country that will make up the Gradual Tariff Adjustment System Toward a Customs Union, the deadlines, and conditions provided for in Resolution No. 48/94, which are attached as an annex to the present resolution.

The said lists include: a) the goods on which tariffs will be levied and which are included in the Gradual Tariff Adjustment System by country; b) a total nominal tariff on each good; c) the initial preferential margin, which will become effective as of 1 January 1995 (Argentina and Brazil) and as of 1 January 1996 (Paraguay and Uruguay); d) the tariff rates which will be applied each year to trade within the Mercosur until a zero tariff is reached; e) if necessary, the tariff rates to be applied each year to trade with third countries until the tariff provided for in the Common External Tariff is reached; and f) quotas, whenever appropriate.

Article 2. No tariff or paratariff levy will be applied to trade in goods belonging to the Gradual Tariff Adjustment System between signatory countries except for the total nominal tariff and its respective preferential margin.

Article 3. The shortening of the Lists of Exceptions of Argentina, Brazil, Paraguay, and Uruguay provided for in the Trade Liberalization Program of the Asuncion Treaty and in force on 5 August 1994 will have been completed by 31 December 1994. The Gradual Tariff Adjustment System Toward a Customs Union will come into effect as of 1 January 1995 with its established structure and deadlines—four years for Argentina and Brazil, and five years for Paraguay and Uruguay.

Article 4. As long as the Gradual Tariff Adjustment System Toward a Customs Union is effective, Signatory Countries will be able to cross goods off their Lists—which are approved by the present resolution—and include them again on the same Lists.

Article 5. A member country's decision—following an evaluation—to cross products off the Gradual Tariff Adjustment System Toward a Customs Union or to include them again if they have been temporarily crossed out may be made unilaterally.

Article 6. The goods withdrawn from the Gradual Tariff Adjustment System Toward a Customs Union will be given full preferential treatment with regard to the domestic tariff in force in the signatory country that withdraws the products when going through customs in the said country.

Article 7. The goods withdrawn from the Gradual Tariff Adjustment System Toward a Customs Union and incorporated again later in it will be given the appropriate tariff treatment according to the date they were reincorporated, fully abiding by the timetable for the convergence of preferential tariffs for goods included in the Gradual Tariff Adjustment System Toward a Customs Union pursuant to the provisions of Common Market Group Resolution No. 48/94 and included on the lists of the said system approved by the Common Market Group.

Article 8. As long as the Gradual Tariff Adjustment System Toward a Customs Union is effective, signatory countries will be able to increase the quotas they initially established for products included in the said system and also to lower them to their original levels.

Article 9. The increase of the quotas established initially on the goods under the Gradual Tariff Adjustment System, or their reduction to the original levels when they have been temporarily raised, will result from an assessment and constitute a unilateral decision of each signatory country.

Article 10. Signatory countries may bring forward the timetable of the reduction of tariffs established pursuant to Common Market Group Resolution No. 48/94 for the goods included in their respective Lists for the Gradual Tariff Adjustment System. Such decisions will be unilateral.

Article 11. Signatory countries will be able to reintroduce each good on their Lists (Article 4), to reestablish the original quota levels (Article 8) and the preferential margins stipulated in the timetable for reducing tariffs (Article 10) up to two (three) [as published] times.

Article 12. Signatory countries will communicate the decisions made within the framework of the present resolution and which entail the withdrawal of goods, the increase in quotas, or the bringing forward of the timetable for the convergence of preferential tariffs 30 days before the coming into force of the corresponding measure.

Article 13. Decisions concerning the reintroduction of products, the application of original quotas, or the reduction of the preferential tariff to the level established by the Timetable of Common Market Group Resolution No. 48/94 require 60 days' notice with regard to the coming into force of the corresponding measure.

Article 14. Amendments to the Gradual Tariff Adjustment System resulting from the application of the present resolution will take effect as of 1 January, 1 May, or 1 September of each year as long as the said system is effective.

Mercosur Accord on Defense of Competition

PY0601011595 Sao Paulo GAZETA MERCANTIL in Portuguese 20 Dec 94 p 6

["Text" of the Agreement on Defense of Competition signed during the Common Market of the South, Mercosur, meeting held in Ouro Preto, Brazil on 16 and 17 December]

[FBIS Translated Text] The following is the text of the Agreement on Defense of Competition:

Defense of Competition

Mercosur/CMC [Common Market Council]/No. 21/94

Whereas the Treaty of Asuncion and Decisions No. 13/94, 9/94, and 10/94, as well as Decision No. 20/94 (on Public Policies of the Common Market Council);

Whereas it is necessary to use common parameters for defense of competition in the Mercosur, so as to allow coordinated action of the member countries to prevent practices that go against free competition;

Whereas several aspects related to defense of competition are included in documents already approved by the Mercosur; and

Whereas the Commission for Defense of Competition of Sub Work Group No. 10 has developed criteria that will allow the adoption of an instrument encompassing all the aspects of defense of competition in the Mercosur, The Common Market Council has decided:

Article 1. To approve the basic guidelines on defense of competition in the Mercosur that are included in the Annex of this Decision.

Article 2. By 31 March 1995 the member countries will present a detailed report drafted by the Trade Commission on the compatibility of their respective national laws or draft bills with the "general harmonization guidelines" approved by this Decision.

Article 3. Based on this information, the Trade Commission will, by 30 June 1995, submit to the Common Market Group [GMC] a proposal of the statute of defense of competition of the Mercosur. The GMC will decide whether the statute will be used as a reference instrument according to which national laws on the subject must be adapted, or if it will be implemented as a protocol.

Article 4. Until a the subject is finally defined, as foreseen in Article 3, the following procedure for filing charges related to defense of competition must be applied:

a. In cases of violation of free competition, the member country that considers itself affected can present, through the Trade Commission and with its justifications, a complaint specifying the violation described according to the general guidelines approved by this decision.

b. The member country in whose jurisdiction the alleged violation was committed must, within 30 days, begin an investigation on the subject with respect to its national laws, and it can apply, whenever it is pertinent, the corresponding sanctions according to its internal laws. The period of time during which the investigations can be carried out will be established by the Trade Commission on a case by case basis.

c. In case the affected member country considers that the alleged harm persists even after the investigation concluded that no violation was committed and that consequently no sanction can be applied or even if sanctions have been applied, that member country can resort to the procedure foreseen in the Annex of the Ouro Preto Protocol or to that foreseen in Chapeter IV of the Brasilia Protocol for Solving Controversies.

Annex

General Harmonization Guidelines

Chapter I

1. The object of this document is to defend competition and free access to the market within the Mercosur.

2. Companies, whatever kind and legal status they may have, that exploit non-monopolistic activities are subject to competition laws.

First Section:

3. It is prohibited to reach agreements or carry out practices agreed upon by economic agents as well as to make decisions by associations and companies with the object of preventing, restricting, or distorting competition and free market access to production, processing, distribution, and sale of goods and services throughout the Mercosur which may affect trade among the member countries, such as:

I. To establish, either directly or indirectly, purchasing or selling prices as well as any other conditions for the production or sale of goods and services;

II. To limit or control the production, distribution, or technological development or investments;

III. To associate with the purpose of controlling markets of goods and services, or of supply sources of raw materials or inputs;

IV. To agree or coordinate actions that affect or that could affect competition in offers, auctions, or public bids;

V. To adopt, in relation to third parties, unequal conditions in the case of equivalent services, placing them at a disadvantage regarding the competition;

VI. To subordinate the closing of deals, be they written or not, to the acceptance of complementary services that, given their own nature or trade practices, have no relation to the purpose of the deal;

VII. To exert pressure on a client or supplier with the purpose of dissuading him from a certain behavior by applying reprisals against him or by forcing him to behave in a certain manner.

Second Section:

4. It is likewise prohibited for one or more economic agents to abuse a dominant position in the entire Mercosur, or a considerable part of it.

The abuse of a dominant position can consist of, among others, the following behaviors:

a. To impose, either directly or indirectly, purchasing or selling prices or any other non-equitable transaction conditions;

b. To restrict, without justification, production, distribution, and technological development, to the detriment of companies or consumers;

c. To apply to third party contractors unequal conditions in case of equivalent services, placing them at a disadvantage in relation to the competition;

d. To subordinate the closing of deals to the acceptance, by the other party, of complementary services that, on account of their nature, or that according to trade practices, have no relation to the purpose of the deal;

e. To refuse without justification the sale of goods and rendering of services;

f. To condition transactions—without justification or in an manner not in keeping with trade uses, customs, or practices—to the acquisition, sale, distribution, or supply of goods or services produced, processed, distributed, or traded by third parties;

g. To sell goods or render services at prices below their normal level, at cost price or at below cost price, without reasons founded on the trade use, customs, and practices, with the purpose of eliminating the competition.

Third Section:

5. The signatory countries will submit to control the operations, of any nature, among enterprises or groups of enterprises, that may imply economic concentration, in particular, if these operations will result in participation equal or superior to 20 percent (twenty percent) of the relevant market, thus producing uncompetitive effects in all, or part, of the Mercosur.

Chapter III [no Chapter II as published]

6. The signatory countries will cooperate among themselves directly and/or within the framework of the Trade Commission in order to ensure timely and due compliance with the norms, procedures, and actions regarding defense of competition and free access to the market that have been agreed upon. The cooperation mechanisms may consist of exchange of information, consultation, advising, technical cooperation, and others that prove convenient.

7. In order to prevent possible disputes over competition such as those described in Articles 3 and 4, the signatory countries will establish, through the Trade Commission, coordination mechanisms for the enforcement of the national laws on defense of competition, which will be implemented by the respective authorities.

8. The Trade Commission will oversee the enforcement of the Mercosur Agreement on Defense of Competition.

Argentine-Brazilian Automotive Accord Issued

PY0501180295 Sao Paulo GAZETA MERCANTIL in Portuguese 20 Dec 94 p 7

["Text" of the bilateral Brazilian-Argentine agreement on the automotive industry sector signed during the Commo Market of the South, Mercosur, meeting in Ouro Preto, Brazil, on 16-17 December]

[FBIS Translated Text] Brazilian-Argentine Bilateral Agreement for the Automotive Sector

Considering the objective of achieving free trade within the automotive sector by 1 January 2000, and the progressive adaptation of the sector within the bilateral trade sphere, the following agreement has been reached:

A. The Argentine Republic acknowledges that Brazilian parts and pieces will be considered national parts and pieces in computing their component of nationality, when the same are compensated for by exports in accordance with what is stipulated by the Argentine Automotive Regime and with Point B) below.

In cases in which Brazilian parts and pieces are not compensated for with exports for any destination, they will be considered to contain 40 percent of imported components, and the appropriate import tariff will be applied.

B. Regarding the compensation of imported parts and pieces that are imported from Brazil, the Argentine Republic, as of 1 January 1995, will compute the export of Argentine parts and pieces to Brazil by multiplying their value with a 1.2 coefficient.

It will therefore not be necessary for said exports to have Brazil as their destination, because once the compensation computation has been made the exports can be made to any destination.

These measures and the coefficient will be applied to the import and export of parts and pieces that are made by automotive manufacturers, and for the import and export of parts and pieces from independent manufacturers of parts and pieces.

C. Brazilian parts and pieces to be used in the replacement parts market will be imported freely without the prerequisite of compensation, paying the zero intrazonal tariff.

D. The parts and pieces that are manufactured in Argentina will be considered to be Brazilian in order to comply with the prerequisite of the addition of the national valued added tax that is applicable to economy automobiles.

E. The vehicles that are manufactured in Argentina that comply with the rules and regulations that are demanded by Brazil in its Economy Vehicle Regime will in Brazil receive identical treatment as those that are produced in that country.

F. The free exchange with zero tariff (0 percent) is proposed for the exchange of complete vehicles (automobiles) between manufacturers.

Free trade with a zero tariff is proposed for the exchange of trucks and buses between manufacturers.

G. Brazil will accept the validity of the Argentine Automotive Regime until 31 December 1999.

H. Argentina will accept the validity of the Economy Automobile Regime and other regulations of the automotive sector until 31 December 1996.

Argentine-Uruguayan Accord on Automotive Industry Published

PY0501181195 Sao Paulo GAZETA MERCANTIL in Portuguese 20 Dec 94 p 6

["Text" of the bilateral Argentine-Uruguayan agreement on the automotive industry sector signed during the

Common Market of the South, Mercosur meeting in Ouro Preto, Brazil, on 16-17 December]

[FBIS Translated Text] The Argentine and Uruguayan delegations have agreed to maintain the current conditions for accessing their respective markets, as established within the CAUCE [Argentine-Uruguayan Agreement on Economic Cooperation] framework, under the following terms:

The Argentine delegation has accepted the Uruguayan delegation's proposal to apply the Mercosur origin rules to CAUCE (regarding the ceiling of 20,000 units provided for in that agreement). To this end, the trade compensation requirements established in the Argentine regulations must be observed in order to compensate for the cost of Mercosur-originated parts outside the CAUCE region.

The Argentine delegation concurred with the Uruguayan delegation in defining the "low production assembly lines" ["serie de baixa producao"] concept, which must be agreed upon by the two sides in accordance with provision 1.15 of the Act of Colonia. To this end, the provisions of Agreement No. 99 of the CAUCE Monitoring Commission will have to be revised.

The Uruguayan delegation proposed the following criterion:

Low production assembly lines are those models derived from or supplementing similar models manufactured in Argentine factories, as well as models manufactured in factories located in Uruguay for national model series, which should not exceed 10 percent of the annual production of the model manufactured on a larger scale in Argentina.

This criterion is included in the Uruguayan transition proposal to Argentina that has been incorporated into the GMC [Common Market Group] Act dated 1-2 December. In this respect it has been agreed to hold another bilateral meeting during the week of 19-23 December to resolve this issue.

In exchange for accepting this proposal on low production assembly lines, the Uruguayan delegation has offered to its Argentine counterpart to set at 4,000 the number of finished units manufactured in Argentina that can be introduced into Uruguay within the framework of CAUCE.

Brazilian-Uruguayan Automotive Accord Highlighted

PY0501210295 Sao Paulo GAZETA MERCANTIL in Portuguese 20 Dec 94 p 6

["Text" of the bilateral Brazilian-Uruguayan agreement on the automotive industry sector signed during the Common Market of the South, Mercosur, meeting in Ouro Preto, Brazil on 16-17 December]

[FBIS Translated Text] The Uruguayan and Brazilian delegations met in Ouro Preto on 15 December 1994 and agreed to extend to 1995 the conditions for access to their respective markets as follows:

1. The terms of the 17th Additional Protocol to ACE [expansion unknown]—2 (PEC) [Trade Expansion Protocol] are preserved in all areas that are not specifically changed by this agreement.

2. Brazil grants Uruguay a 1995 quota of 10,000 automobiles, eliminating the limitations established in the single annex to the 17th Additional Protocol to PEC.

3. Uruguay grants Brazil a 1995 quota of 3,000 automobiles.

4. Both countries express their willingness to increase these quotas gradually.

5. Agreement was reached to establish a 60/40 percent ratio [60 percent national, 40 percent foreign] as a norm to define the origin of models under production. A 55/45 percent origin ratio will be applied to new models.

6. The percentage of parts with origin in the region that can be included in production models, according to article 4 of the 17th Additional Protocol, will be 25 percent, and

7. As of 1 January 1995, spare parts traded between both countries will be free, with the exception, in the case of Uruguay, of the list of products mentioned below. The Ad Hoc Technical Group for the Automotive Area will study the gradual tariff reduction of these products and their incorporation into the free trade regime (that is, zero tariff).

Tentative list of spare parts and components that Uruguay will be allowed to include in the gradual tariff adjustment system:
Fabrics for Upholstery;
Tires;
Brake plates and attachments;
Clutch attachments;
Temperates (glass and crystals) and laminates;
Tubes, seamless or not, for exhaust pipes and differentials;
Suspension systems and their laminates;
Steel parts—all others; [as published]
Pistons, cylinder-jackets;
Battery connections;
Batteries;
Terminals (seals);
Rear lights;
Radiators and parts;
Carpets;
Mufflers and exhaust pipes;
Car body and bumpers and fenders;
Axles;
Wheels;
Seat belts.

Haitian Envoy Assumes OAS Permanent Council Chair

FL0501160095 Bridgetown CANA in English 1500 GMT 5 Jan 95

[FBIS Transcribed Text] Washington, Jan. 5, CANA—Haiti's ambassador to the Organization of American States (OAS), Jean Casimir, has assumed the chairmanship of the Permanent Council of the hemispheric body. He succeeds Guyana's Permanent Representative, Ambassador Odeen Ishmael who held the post during the past three months.

In his remarks at a ceremony at OAS headquarters, Casimir paid tribute to the work of the OAS in helping to restore democracy to his French-speaking Caribbean nation. He added that the OAS had changed significantly in recent years and pointed to the increased public confidence in the objectives and work of the hemispheric body. "Very difficult tasks lay ahead for the OAS. One priority must be the eradication of critical poverty," Casimir said.

Ishmael, in passing the gavel to his colleague, urged the OAS to continue "to maintain a political barometer of situations occurring in each of the member states. The OAS will then be in a position to understand when and where democracy is facing threats and will be able to directly involve itself in preventative diplomacy and help to offset such problems as they arise," Ishmael said.

Ambassador Casimir will serve as chairman of the Permanent Council until the end of March. The Commonwealth of Dominica holds the vice-chairmanship of the council. The Permanent Council is the second highest forum of the OAS. The General Assembly is the organization's highest forum.

Cuba

Ministry Spokesman Clarifies Migration Payment Rumors

FL0501195295 Havana Radio Rebelde Network in Spanish 1800 GMT 5 Jan 95

[Interview with Miguel Alfonso, Foreign Ministry spokesman, by correspondent Zenaida Costales in Havana on 5 January; from the "National Radio News"—recorded]

[FBIS Translated Text] [Costales] Rumors about an agreement between the Cuban and U.S. Governments on consular service [tramites] charges have been circulating. What does the Foreign Ministry [Minrex] have to say?

[Alfonso] Rumors have generated from the United States—specifically, from certain Miami press—that there is an agreement between the Cuban and U.S. Governments demanding dollars for...[pauses] First, for consular services at the U.S. Interests Section and the other with regard to the Minrex charging dollars for certain services we provide such as legalizing, legalized translations, etc. All of that is absolutely false! What happened is that the U.S. Interests Section in Havana City sent a diplomatic note to the Minrex informing us of their intention to charge dollars for their consular services. The Minrex immediately informed them that the U.S. Interests Section's disposition openly contradicted [en abierta contradiccion] Cuba's national legislation, which states that the legal tender in Cuba is the Cuban peso. They were made aware of this immediately, they understood, and now we are waiting for an official reply. I insist on compliance with Cuban law, to which all diplomatic missions in Cuba are bound...[pauses] must be in compliance with Cuban law.

[Costales] What does international law dictate?

[Alfonso] I repeat: All diplomatic missions that function in a country are obligated to comply with that country's laws.

Ministry Spokesman Denies Addition to 'Excludables' List

PA0501160995 Hamburg DPA in Spanish 1300 GMT 5 Jan 95

[By Victorio M. Copa]

[FBIS Translated Excerpt] Havana, 5 Jan (DPA)—The 63 Mariel detainees deported to Cuba as of September 1994 increased to 1,191 the number of Cubans the United States has sent back to the island since 1984, another issue in the bilateral dispute.

The last group of eight people, whom the United States calls "excludables," arrived in Cuba on 15 September, Foreign Ministry Spokesman Miguel Alfonso told DPA. The 1984 Cuban-U.S. immigration agreement foresees the return of 2,746 persons to the island, the international law specialist explained. He said the return of the so-called "Marielitos" is "a normal process."

These Cubans migrated in 1980 through Mariel Port and were part of a large-scale exodus that led approximately 127,000 persons to Florida. They could not remain in the United States given their previous conduct or because of actions perpetrated during their stay in that country. [passage omitted]

In October 1993, the U.S. Justice Department announced a modification to the 1984 immigration agreement that would allow the deportation of 1,500 Mariel detainees whose names did not appear on the original list.

Cuban authorities insist that there are no such modifications to the 1984 agreement, which is the only one they recognize, so they will accept no more Mariel detainees once the list is complete.

Radio Reports U.S. To Deport Refugees in Panama

FL0501130095 Havana Radio Rebelde Network in Spanish 0000 GMT 5 Jan 95

[From the "Exclusive" program]

[FBIS Translated Text] The United States reportedly will deport to Cuba or to its Guantanamo Naval Air Base 316 Cubans being held at camps in the Panama Canal Zone who are considered responsible for instigating the December riots. Albert Cruz Perez, spokesman for rafters at one of the camps, told the media that high-ranking U.S. Southern Command officers told them of the U.S. decision.

Commentary Views 'Rafters' on Guantanamo, Panama

PA0601025895 Havana Radio Havana Cuba in Spanish 0000 GMT 6 Jan 95

[Commentary by Roberto Morejon; from the "Evening Information Review" newscast]

[FBIS Translated Text] The situation of the more than 30,000 illegal Cuban emigrants whom the United States has housed by force in the Guantanamo Naval Base and camps located in the Panama Canal Zone is characterized by the arbitrary actions of U.S. authorities willing to use brute force as well as tricks of questionable legality to attain their objectives.

The future of the people confined in four camps in the Panama Canal Zone is still more uncertain because the guards have accumulated a great deal of ill-feeling stemming from the Cubans' violent uprising on 7 December. This explosion of violence left 249 people injured and two drowned rafters after they had escaped from the prison.

Nothing has been the same after that protest, and the timid efforts to make the climate less tense—the jailers have even brought musical groups from Miami for the Cubans in the camps—have been left behind. Now, the classic climate of U.S. jails, often described in Hollywood movies, is what prevails.

This situation is confirmed with the 316 Cubans who are held under a more rigorous imprisonment because they are said to be the alleged instigators of the violent protests in December. According to the illegal emigrants, if those charges are proven, those Cubans will not even have the option to travel to third countries and will ultimately be returned to the Guantanamo Naval Base, which is Cuban territory illegally occupied by the United States. Press agency reports also mention Cuba as the future destination for those people. What is undoubtable is that the Cuban Government must ultimately make whatever decision is made in this regard.

Cubans on the island are not indifferent to the charges of the already alarming, further deteriorating conditions of the prisons where the illegal emigrants are held in Panama. The illegal emigrants were intercepted on the open sea when they decided to flee after the United States had prodded them to do so for many years. It is now reported that the people's food rations are getting increasingly smaller and also that they are treated as drug traffickers, because the guards release dogs to detect the alleged presence of weapons or drugs.

The U.S. authorities in the Panama Canal Zone are certainly mistaken if they believe drugs caused the December uprising. Washington is simply reaping the result of its hostile policy. It does not know what to do now with the Cubans it has encouraged to flee to the United States by their own means. It is a sad ending for those Cubans who were looking for the promised paradise and are now in the hands of authorities who do not feel any scruples about committing excessive and arbitrary actions.

'Forced Repatriation' of Guantanamo Haitians Reported

PA0601010195 Havana PRENSA LATINA in Spanish 1313 GMT 5 Jan 95

[FBIS Translated Text] Port-au-Prince, 5 Jan (PL)—Several thousand Haitians confined at the U.S. base in Guantanamo, Cuba, are being threatened with forced repatriation starting today, after very few of them accepted a proposal from Washington.

According to reports from this capital, the Clinton administration will deport Haitians back to Haiti from the military enclave located in the eastern part of the island, which the United States continues to hold against the will of the Cuban state.

The deadline given by the United States to some 4,500 Haitians to return voluntarily in exchange for $80 expired at midnight. So far, a little more than 500 Haitians have agreed to return under these conditions since 29 December, when the program was presented.

In view of the situation, the White House has decided to go ahead with their forced repatriation after evaluating each case, according to State Department spokesman Michael McCurry.

A large number of Haitians who are currently confined in improvised camps guarded by U.S. forces in Guantanamo were captured by the U.S. Coast Guard on the high seas while fleeing the repression and terrible economic conditions that existed under the military regime in Haiti.

Following the departure of the coupists and President Jean-Bertrand Aristide's return to power on 15 October, Washington began planning to repatriate the migrants.

According to reports from Port-au-Prince, U.S. human rights groups have condemend the forced repatriation of Haitians.

Some of the organizations claim that the massacres and human rights violations instigated by the coupists have and will continue as long as the initiators of these crimes, who still remain in this Caribbean nation, are not arrested and prosecuted.

UN Envoy Details New York Council Meeting

PA0601031895 Havana Radio Havana Cuba in Spanish 0000 GMT 6 Jan 95

[Telephone interview with Luis Carrera, first secretary of the Cuban Mission to the United Nations, in New York City, by reporter Maria Elena Calderin at the Radio Havana Studios in Havana on 5 January; from the "Evening Information Review" newscast—live or recorded]

[FBIS Translated Text] [Calderin] Here at Radio Havana's International Satellite Newsroom, I have made contact with Luis Carrera, first secretary of the Cuban mission to the United Nations. We established contacts to ask about the participation of representatives from our country at a recent New York City Council meeting.

First, I would like to know the circumstances surrounding this invitation to Cuban representatives to attend this meeting of the New York City Council.

[Carrera] By the end of last year, some councilmen in New York City—people who form the legislative body of that city—expressed their interest in holding talks with personnel from our mission, given the interest among some business sectors in this city to establish some ties with our country. This was done because they perceived that our country has maintained an economic policy that allows us to conduct business with foreigners. They stated some degree of concern over the fact that U.S. citizens were being left behind in this process, and they wanted to explore the possibility of, at least, competing with other countries.

As you all know, the law establishing the blockade exists, and they are well aware of that. We began a series of meetings with some councilmen, specifically Mr. (Odonoa), who is the chairman of the Economic Development Council. These meetings led to our ambassador establishing contacts with the chairman of that legislative body, who invited our ambassador to introduce him to the plenum of the City Council. This is what preceded the invitation.

[Calderin] I would like to address something I consider important. What social and political weight does this New York City Council carry within the U.S. Government, taking into consideration the fact New York is one of the most important cities in the United States? How can the decision, or rather the discussion at the New York City Council be interpreted for us in this way?

[Carrera] As I told you, in New York, the council is the highest legislative body. It is the legislative body of the city, which, as you know, is comprised by various boroughs. They are independent of the federal government. They comprise the five boroughs within New York City.

As you know, this city has several million people and is one of the most important financial and economic centers in the world, therefore, the importance of any decision made by the council is supported by that economic power.

From the legal standpoint, they do not have the ability to eliminate the economic blockade against Cuba, for instance, or to dictate the country's policy, however, they wish to demonstrate to the U.S. Government that important sectors of the country and the city want to have relations with Cuba, and they are hoping that the blockade law will be changed. They want relations between Cuba and the United States.

They are aware of the existence of the blockade but, regardless of this, they want to maintain a relationship with a view to exerting some pressure.

[Calderin] In other words, no specific accord was reached? No sector or personality expressed interest in establishing ties of some kind with Cuba?

[Carrera] Specifically at this meeting, no. These aspects are usually reviewed in a more private ways, not at a public meeting. Each of these councilmen was elected by an electoral district. In the city there are 51 electoral districts. In each district, there are specific sectors that may have specific interests in establishing ties with Cuba.

We know for a fact there is interest in the areas of tourism, construction, and others, but, this is not directly related to yesterday's meeting, which had a more political character.

[Calderin] Finally, do you think that this New York City Council meeting will have any effects on the future of Cuban-U.S. relations?

[Carrera] I think the highlight of this meeting is that it shows that an important legislative body believes it is time for the United States to change its policy toward Cuba. I think this will not go unnoticed by the large number of people in this country who wish to establish relations with Cuba. We observed there is no animosity against our country, as presented by the government or as presented by the right-wing extremist worms who are here.

I think this meeting is important. It was reported by the press, and I believe in the next few days there shall be more contacts with different areas of the city.

[Calderin] We thank Luis Carrera, first secretary of the Cuban mission to the United Nations, very much for granting this interview to us.

Kazakhstan's Tokayev Backs Expanding Relations

PA0601005395 Havana PRENSA LATINA in Spanish 2140 GMT 4 Jan 95

[FBIS Translated Text] Havana, 3 Jan [date as received] (PL)—Today, Kazakh Foreign Minister Kasymzhomart K. Tokayev spoke out in favor of strengthening political, economic, scientific, and technical relations with Cuba during his official two-day visit here.

At a news conference upon arriving in Havana, Tokayev said Cuba is the only Latin American country with a mission accredited in his country. This demanded his presence on the island to develop those relations in several areas.

He also announced the signing of a cultural, scientific, and technical cooperation agreement and a protocol of understanding between the two Foreign Ministries.

Tokayev said he would be meeting with Cuban authorities to discuss economic issues, particularly the exchange of oil from his country for biotechnology and pharmaceutical products from the Caribbean island.

The high-ranking official from Kazakhstan represents the second largest Central Asian nation, after Russia, of the former USSR. Today he will meet with Leonel Soto, vice president of the Council of State, and Foreign Minister Roberto Robaina.

He also will meet with Ricardo Alarcon, the president of the National Assembly of the People's Government, and Roberto Melendez, minister of foreign investment and economic cooperation.

The Central Asian minister has a full agenda in Cuba, visiting scientific institutions and will return home tomorrow evening.

Robaina Terms Visit Successful

PA0601015195 Havana PRENSA LATINA in Spanish 1925 GMT 4 Jan 95

[FBIS Translated Text] Havana, 4 Jan (PL)—The visit by Kazakh Foreign Minister Kasymzhomart K. Tokayev to Cuba was termed a success by the two countries' authorities during the ceremony to sign important agreements for scientific cooperation and diplomatic consultations.

Cuban Foreign Minister Roberto Robaina has said Tokayev's visit has been successful, although it has not concluded, because it reasserts their good bilateral political relations, represents an important step, and supports those relations with mutually beneficial economic and cooperation agreements.

Robaina stated his confidence that both Cuba and the Republic of Kazakhstan will find ways to sponsor the development of commercial, cultural, and scientific cooperation ties this year.

Tokayev said his country and the Cuban authorities have just signed a protocol for consultations between foreign ministries, as a form of strengthening those ties between their respective nations.

The foreign minister of Kazakhstan, a central Asian nation with a population in excess of 17 million, has termed his meetings with Ricardo Alarcon, president of the National Assembly of the People's Government (parliament), and Ricardo Cabrisas, foreign trade minister, as ample and with specific results.

He has said they agreed to establish contacts between the Cuban and Kazakh parliaments, adding 1995 would be a beneficial year for their mutual relations, because it begins with the signing of important documents, an act which represents a success.

Cuba and the Republic of Kazakhstan signed today, the second and last day of Tokayev's visit, a cultural and scientific-technical cooperation agreement and a protocol for consultations between foreign ministries.

The spirit of the two texts is to strengthen their relations of friendship based on a sovereign equality and noninterference in their mutual internal affairs, as well as to strengthen cooperation in the science, public health, tourism, and sports sectors.

Holds Talks With Robaina

FL0501185095 Havana Radio Rebelde Network in Spanish 1255 GMT 5 Jan 95

[From the "Doing Radio" program]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina and Kazakh Foreign Minister Kasymzhomart Tokayev have signed a protocol on holding future meetings between their respective foreign ministries and a cultural and scientific cooperation accord. Robaina noted that these accords will open new paths to strengthening relations in different spheres and stressed that the signing of these accords takes place at an exceptionally important time for Cuba:

[Begin Robaina recording] As I said during our meeting yesterday, this visit contributes and [word indistinct] to broaden the path. The visit to Havana City and the signing of these accords clearly express a will to continue to make [words indistinct]. We must now work on what was signed here today. We hope in 1995 that we in Havana and Kazakhstan can find ways for our relations to meet the needs of our respective peoples and develop economic, commercial, cultural, scientific, and technical areas based on mutual benefit. There are many things that Kazakhstan can offer Cuba and, modestly, things that Cuba can offer Kazakhstan. I never tire in repeating that we should not resign ourselves to the idea that we have good political relations: We want these political relations to have economic and commercial support in many fields—such as the two we have touched upon today, namely culture and science—because there are many doors to open and many possibilities. [end recording]

Kazakh Foreign Minister Kasymzhomart Tokayev said that his visit was successful and highlighted that the accords satisfy the Cuban and Kazakh peoples' aspirations:

[Begin Tokayev recording in Russian, with passage by passage translation into Spanish] Today, we are constructing a good basis [words indistinct] between Cuba and Kazakhstan. We have agreed with Cuba's foreign minister to hold meetings to broach current international issues and further accords on cultural cooperation. In this way, we satisfy the aspirations of our respective peoples and exchange between [words indistinct]. [end recording]

Meets With Castro

FL0601014395 Havana Radio Rebelde Network in Spanish 0000 GMT 6 Jan 95

[From the "Exclusive" program]

[FBIS Translated Text] Commander in Chief Fidel Castro met with Kazakh Foreign Minister Kasymzhomart Tokayev in Havana and was handed a message from the president of Kazakhstan. Tokayev also met with Cuban Foreign Minister Roberto Robaina and other ministers, and signed several agreements.

Honduran Parliamentary Official Opposes U.S. Blockade

PA0601011095 Havana PRENSA LATINA in Spanish 2223 GMT 3 Jan 95

[By Maria Grant]

[FBIS Translated Text] Havana, 3 Jan (PL)—Jorge Arturo Reina, vice president of the Honduran Congress, expressed here today his opposition to the U.S. blockade of Cuba.

Jorge Arturo Reina, who is also president of the ruling Honduran Liberal Party, spent a week in Cuba on a private visit during which he met with Cuban President Fidel Castro and Foreign Minister Roberto Robaina, among other personalities.

Shortly before boarding the plane back to his country, he reiterated Honduran President Carlos Roberto Reina's remarks to the UN General Assembly in September when he voiced opposition to the U.S. blockade, and he called for the lifting of the blockade, because, he said, "sanctions cannot be eternal in international law."

Invited by the Tourism Ministry and the Cubanacan Corporation, Reina traveled accompanied by his wife, children, and grandchildren. He stayed over the weekend at the world famous Varadero beach resort, located 130 km east of the capital.

On his meeting with Fidel Castro, he said they held a general discussion in which all the members of his family participated, saying it was a great honor to have the Cuban leader visit them in the house where they were staying in Havana.

Replying to a question, Reina said they did not discuss the topic of reestablishing diplomatic ties between Cuba and Honduras.

Regarding his country's domestic situation, he said the Liberal government, which will be marking its first year in office on 27 January, has made great efforts to resolve the problems stemming from the economic adjustment measures so as not to harm the most vulnerable sectors.

He added that as a result of the content of the economic measures, their broad discussion, and the changes made by Congress, there has been no social upheaval in Honduras as has occurred in other nations.

Jorge Arturo Reina also underscored Honduras' recent election as a UN Security Council nonpermanent member, a status which, in his opinion, demonstrates clear progress in the international relations of the Central American country whose image had seriously deteriorated in the past.

Jordan Praises Guantanamo Agricultural Production

FL0601134495 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 6 Jan 94

[From the "NTV" newscast]

[FBIS Translated Text] Alfredo Jordan, minister of agriculture and member of the Politburo, stated, after visiting Guantanamo, that the province and its agriculture are examples of what Cuba can achieve during the special period.

Jordan has added that the delegation was leaving Guantanamo in high spirits from their observations during the tour, including the best 56 caballerias with microjet systems in Cuba, which show great care and high yield in the ones already producing. Additionally, the good results of the Segundo Frente Oriental Fran Pais contingent in work organization and care for the workers has made Guantanamo host of the first national meeting of these units to take place in January.

In addition, Jordan evaluated the first million quintales of agricultural goods produced during the special period and the milk production, which was still short of meeting demand but was achieved despite the 1994 floods in Guantanamo.

[Begin Jordan recording] Today we have observed, and it is the opinion of the agricultural delegates of all the eastern provinces, that truly Guantanamo [Words indistinct] [end recording].

Jordan chaired the Agricultural Cooperation Council of the Eastern Provinces which took place in Guantanamo. He awarded incentives to outstanding units in the province, such as the [name indistinct] coffee enterprise which achieved the export goal, and the Tanya la Guerrillera women's brigade, which has been recognized 12 times for outstanding coffee harvest performance.

Jordan also noted that Cuba has created the foundations to increase agricultural production which is the goal of [words indistinct]; and it will be possible due to the organization of the Basic Cooperative Production Units currently planting 1.3 million hectares, and the 134 farms of the Youth Labor Army, as well as the farmers who are taking steps to meet the government's quota.

[Begin Jordan recording] There are factors and symptoms which undoubtedly will help to increase the agricultural production in 1995. [end recording]

Ecuador's Gallardo Denies 'Clashes' With Peru

PA0501230895 Havana PRENSA LATINA in Spanish 1840 GMT 5 Jan 95

[FBIS Translated Text] Quito, 5 Jan (PL)—Ecuadoran Defense Minister Jose Gallardo today denied that there have been any recent armed clashes on the border with Peru or that Ecuadoran soldiers had been wounded.

In a statement released to the local press, Gallardo noted that such reports are part of a slander campaign by irresponsible people who are seeking to disturb relations between the two Andean states.

He referred to a report published in EL UNIVERSO today on a recent clash between troops of the two nations, despite the government's denial of the conflict.

Consulted by PRENSA LATINA, Ecuadoran Foreign Minister Galo Leoro Franco said relations between Peru and his country are normal and that there are no problems in the border area.

Referring to comments about casualties in the area, Leoro Franco denied this, but he did say that one soldier was wounded as a result of internal problems he had in his military unit.

Foreign Minister Discusses Planned Visits

PA0501224995 Havana PRENSA LATINA in Spanish 1942 GMT 5 Jan 95

[FBIS Translated Text] Havana, 5 Jan (PL)—Australian Foreign Minister Gareth Evans will arrive in Cuba on 18 January on an official visit, it was officially announced today.

At a news conference, Foreign Ministry Spokesman Miguel Alfonso stressed the importance of Evans' visit to Cuba to strengthen bilateral relations. He added that Evans heads one of three delegations that will travel to Cuba this month.

Two Canadian delegations also are expected to arrive in January. The first will comprise representatives from nongovernmental organizations that will explore new ways to increase cooperation between the two countries.

The second Canadian delegation will be made up of eight parliamentarians from various political parties represented in the Canadian Parliament.

Alfonso noted that Cuba and Canada are currently organizing activities to commemorate the 50th anniversary of the establishment of bilateral relations "which have continued uninterrupted."

In replying to a question about a recent statement by Swedish Cooperation Minister Pierre Schori in favor of his country resuming its assistance to Cuba, Alfonso said this reflects a change of policy in several European countries that are currently reevaluating their position in that regard.

Regarding press reports on the possible deportation of Cuban immigrants held at U.S. bases in Panama, Alfonso recalled that any decision on this matter is subject to the formulas accepted by both countries in the migratory agreements that have been signed.

Finally, he reiterated that Cuban Foreign Minister Roberto Robaina will begin a tour of Asian countries on 23 January, which will include Japan, Thailand, the Philippines, and North Korea.

Interior Minister Honors PNR During UJC Ceremony

FL0601020995 Havana Radio Reloj Network in Spanish 2032 GMT 5 Jan 95

[FBIS Translated Text] On 5 January, the occasion of the 36th anniversary of the National Revolutionary Police [PNR], the Union of Young Communists [UJC] held a patriotic ceremony to pay homage to the PNR. Army General Abelardo Colome Ibarra, minister of the Interior, congratulated the loyal members of the PNR for their efforts to preserve civil peace and Cuba's accomplishments. During the ceremony, Victoria Velasquez, first secretary of the UJC; Division Gen. Romanico Sotomayor Garcia; and other officials presented UJC membership cards to young policemen. Earlier, young members of the PNR unveiled a plaque on Crespo Street, Centro Habana, marking the site of an espionage center organized by Jose Marti during the struggle for independence.

Torres Announces Goal To Build 15,000 Houses in 1995

FL0601015895 Havana Radio Rebelde Network in Spanish 1800 GMT 5 Jan 95

[From the "National Radio News"]

[FBIS Translated Text] The Sugar Ministry expects to increase the construction of houses in 1995. Reporter Diosdado Maso interviewed Nelson Torres, sugar minister and Politburo member, on this topic.

[Begin Torres recording] Our goal is to build 15,000 houses, tripling 1994 results. This is a difficult goal to achieve. In addition, publicly announcing our expectations puts us in a terrible compromise, but it really is our goal. Building 10,000 or 12,000 houses would be noteworthy, but we will not accept those numbers; we need to work to complete 15,000 houses in 1995. To achieve this goal, we have discussed the creation of grinding mills and plants to produce materials on every street corner, in every place, at every location. We have also studied the construction of houses using the materials available in each location. We cannot rely on centralized programs or government assignments. We need to fight for our goal in every location. We have, therefore, discussed and recorded documents everywhere about what needs to be done to complete the 15,000 houses. [end recording]

Torres stated that the new houses will be built on the perimeter of each Basic Cooperative Production Unit, that they will be spacious, and consistent with their surroundings. The Sugar Ministry is developing the industries to produce alternative construction materials, which will make it possible to complete this number of houses in 1995.

Buy-Sell Contracts for Sugar Viewed

95CA0067A Havana TRABAJADORES in Spanish 28 Nov 94 p 2

[Editorial: "A Key Made of Sugar"; for related reporting see 29 November Latin America DAILY REPORT]

[FBIS Translated Text] In the last harvest, tens of thousands of tons of soil, straw, and useless parts of plants were unjustifiably ground as if they were cane. For example, in Sancti Spiritus province, of each 100 "arrobas" that were ground, ten were of foreign matter, which exceeds the accepted level.

When this happens, the sugar mills' efficiency declines by an unknown percentage, transport costs rise needlessly, wasting 10 percent of the fuel, and the labor involved in cutting, collecting, and cleaning the cane is also wasted.

This phenomenon, sometimes more, sometimes less, has been repeated in our harvests year after year, but it has grown worse in recent harvests because of the difficulties added by the low cane yield, equipment problems, and other objective causes. Still, both now and before the special period a by no means small part of these foreign materials have been caused by lack of quality control in the cutting and collection of the cane.

If a good number of our sugar mills have invariably coexisted with this negative situation, it seems reasonable to assume that something similar may exist with other technical regulations which are more difficult to control.

It must be said—for it is the truth—that independently of the objective difficulties we face, there is too much slipshod work in our sugar cane harvest and in the control and regulation of processes that have not been fully structured on the basis of quality.

The times demand that we extract the maximum amount of sugar from cane, but bad habits and a lack of quality control mechanisms cause the cane cutters and other workers to focus mostly on increasing their cutting numbers; meeting quantity standards is praised more highly and paid better than strict compliance with technical regulations.

It now seems essential to take vigorous action to restore technological discipline to the cane harvest and to sugar production.

Everyone agrees about increasing moral and material incentives for the sugar workers; many cite the need to properly compensate workers for a job that is so hard and so important for Cuba's economy.

We need to have people advocating quality and efficiency just as forcefully.

In Havana province a movement promoting quality in the harvest is being formed, which could produce concrete results and combine with initiatives in other provinces.

First of all, there must be unity of action among all factors, involving delegations from Minaz [Ministry of Sugar Industry], the union movement, and the governments of each territory, with the goal of rewarding rigorous observance of technical regulations and penalizing those who do not comply with these regulations.

With this in mind, it has been decided to revitalize the position of **field inspector**. People of good reputation who are experienced in sugar cane work are now being recruited in all sugar mills so that, acting with full authority, they may exercise quality control and safeguard the interests of production and of the economy.

These people would be directly subordinated to the director of the CAI [Agroindustrial Complex] and, either on horseback or in other ways, would travel over specific areas to supervise in the field the quality of the cutting, how programming is carried out, the freshness of cane sent to the mill, why a field was burned that was not scheduled, how harvest losses are handled, and the percentage of foreign materials.

The **field inspector**, as the position is conceived, could even stop a cutting when the lack of discipline is intolerable.

He would also be concerned about care of the cane stock, the status of seed banks, and the application of the cut field, cultivated field policy.

The revitalization of the **field inspector**, or the use of any other position with the capacity to act immediately on deviations from proper standards, could replace a bureaucratic philosophy that tends to collect data and information used for statistical purposes, but which does very little or nothing to promote discipline.

The sugar cane harvest is an economic event in which diverse interests are manifested. Those who cut, collect, and transport the cane view the harvest from one perspective; cooperative members and campesinos from another. Industry does not always have the same vision as agriculture; one thinks more about sugar, the other about the cane.

Everything may seem the same, but it is not the same.

For that reason, many comrades are now thinking about placing greater emphasis on the use of sugar cane **buy-sell contracts** between agriculture and sugar mills.

Strict contractual practices should characterize future relations between cane producers and the cane-processing industry.

This is a raw material whose quality needs to be set by contracts governing such matters as freshness, routine care, the composition of the cane stock, foreign matter, maturity, etc.

It is bought and sold between two economic agents who have to make commitments, whose lack of compliance affects the economy of each of the two partners, and this should hurt the pocketbook of the party responsible for noncompliance.

We also need to think about how to provide workers' incentives based on industrial output. Everything good or bad done in repairs, in the harvest, and in the mill, ends up reflected in industrial output, the mirror of the sugar industry's efficiency.

If output is high and the percentages reflecting the quantity of sugar extracted from the cane are appropriate, the real earnings of those who have done high-quality work in agriculture or industry should be raised in some way.

But if output declines, all the workers should be adversely affected.

Field inspectors, strict buy-sell contracts for raw materials, economically graduated incentives based on industrial output: these goals can not be fully achieved overnight, and will have to begin gradually to be tested in practice, but they demonstrate a desire for efficiency that is prepared to fight against routine and to seek ways that are more in line with the present situation and the foreseeable future of our country's sugar industry.

To recover our former levels of sugar production it is essential to have a minimum level of resources which we do not have now, but we can halt the decline through better quality work.

The provinces, the CAI, cooperatives, combine operators, and cane cutters can all be sure that whenever the nation can invest any resource for recovery, it will do so where the quality of the work promises the best results.

Where efficiency and technological discipline are displayed, that is where material and moral incentives should go.

The union movement, to give true historic continuity to the important work of emulation in the cane harvest done in the past, will have to learn to find ways to provide incentives for well done work and to take away any advantage for slipshod work.

A highly responsible and very creative attitude is needed for the work involved in the sugar cane harvest. The door leading us out of the special period can be opened with a key made of sugar.

Bahamas

Prime Minister Announces Cabinet Reshuffle

FL0501215995 Bridgetown CANA in English 2132 GMT 5 Jan 95

[FBIS Transcribed Text] Nassau, Bahamas, Jan. 5, CANA—Prime Minister Hubert Ingraham has announced a major Cabinet reshuffle mid-way through his government's first term in office.

As expected, Ingraham relinquished the post of minister of finance to make way for the appointment of William Allen, his minister of planning and former governor of the Central Bank of the Bahamas.

Frank Watson, the minister of works, has been appointed deputy prime minister and minister of tourism. He will also be responsible for Bahamasair, the financially-troubled national flag carrier.

Minister of Tourism Brent Symonette will be the new attorney general, filling the vacancy created by the resignation of Sir Orville Turnquest, the former deputy prime minister and now governor-general.

Ingraham, who made the announcements during a live broadcast Wednesday night, will now assume responsibility for housing and local government.

He will bring one new member into cabinet with the appointment of Shirlea MP Pierre Dupuch as minister of agriculture and fisheries.

The only minister whose position is unchanged is that of Youth Minister Algernon Allen.

Ingraham re-assigned portfolios to reduce the number of ministries by one to 13.

An unprecedented four ministers of state have been named to assist certain ministries. Ingraham also appointed three parliamentary secretaries.

The new appointments come into effect on Monday without any increase in this year's budget allocations.

Ingraham announced the following Cabinet changes:

- Deputy Prime Minister and Minister of Tourism Frank Watson. Watson, who moves from public works, will also be responsible for Bahamasair. He will retain utilities in his portfolio.
- Minister of Foreign Affairs Janet Bostwick. She will also be responsible for the bureau of women's affairs. Bostwick is currently the minister of immigration and justice.
- Minister of Social Development Maurice Moore. Moore leaves the Ministry of Human Resources and Labour.
- Minister of Public Safety and Immigration C.A. Smith. Smith has served as minister of education since 1992.
- Attorney General Senator Brent Symonette, who fills the vacancy created by the resignation of Sir Orville Turnquest, now governor-general.
- Minister of Transport Tennyson Wells. Wells moves from the Ministry of Agriculture and Fisheries.
- Minister of Pubic Works Arlington Butler. Butler is currently minister of transport and public safety.
- Minister of Education Dame Ivy Dumont from the Ministry of Health.
- Minister of Youth and Culture Algernon Allen.
- Minister of Health and Environment Theresa Moxey-Ingraham. She leaves the Ministry of Social Development and National Insurance.
- Minister of Finance and Planning Williamm Allen, previously the minister of state in that ministry. He will now also be responsible for public service and labour.
- Minister of Agriculture and Fisheries Pierre Dupuch.

"I have made no secret of the fact that Minister William Allen has been the principal architect of my administration's fiscal and economic policies, and that the considerable—and in some ways surprising—gains we have already made in stabilising the economy and transforming the nation's protracted economic decline to measurable growth are largely to be credited to (Mr) Allen's exceptional and astute financial insight," Ingraham said.

Ingraham was confident that the changes would not only have a positive impact on government's work, but that the developments will serve to unleash the energy, enterprise and resourcefulness of all in the country. "Together, we will propel our nation into the twenty-first century, in a strong position to fully exploit the opportunities which lie ahead," he said.

Ingraham said he would be able to concentrate on local government and providing affordable housing to low income and lower middle income families. The government's programme to construct 1,500 homes will begin this year.

Haiti

Radio Reports U.S. Coast Guard Repatriations 4 Jan

FL0501195395 Port-au-Prince Signal FM Radio in French 1130 GMT 5 Jan 95

[FBIS Translated Excerpt] The U.S. Coast Guard repatriated nearly 150 refugees on 4 January. Many of the refugees, who were held for over six months on the U.S. base at Guantanamo Bay, Cuba, say they were compelled to return to Haiti. They made pertinent statements upon arriving at Port-au-Prince wharf:

[Begin unidentified speaker recording, in Creole] I did not want to return until they told me about what I was looking for. They did not tell me. I heard that the United States would force people...[pauses] I decided not to allow them to return me in handcuffs. I just returned. [passage omitted] [end recording]

Cedras Accused of Embezzling Military Pension Funds

FL0601001995 Port-au-Prince Signal FM Radio in French 1130 GMT 5 Jan 95

[FBIS Translated Excerpt] There are new unemployed in Haiti. Nearly 163 Haitian servicemen who had been working at the military hospital have been dismissed under the reforms being carried out by the Haitian military institution. The Haitian servicemen accuse General Raoul Cedras of having misused their pension funds. Let us listen to a report by Kenol Dorvil.

[Begin recording, in Creole] [Dorvil] After publication of the list of the 1,500 men who are to comprise the Haitian Armed Forces [FADH], the spokesman for the enlisted men at the Haitian military hospital told the press that only 29 out of the 192 enlisted men in the service of the military hospital have remained at their posts. On 4 January, several dozen enlisted servicemen went to the hospital where they formed a commission to meet with the Haitian Army High General Staff to seek welfare and insurance funds from the military. The spokesman for the enlisted men, Edouard Guerrier, said that if these steps do not succeed, they may bring the former FADH commander in chief, Gen. Raoul Cedras, before the court. [passage omitted]

[Guerrier] Our objective: If the current General Staff can prove that Gen. Cedras did not pocket our pension funds, that they were still at Army headquarters, and that he absconded with them only when he departed, then we are willing to bring Gen. Cedras before the court so he can reimburse us.

[Dorvil] According to the information we received, the military hospital is not in operation at this time. It is rumored that there is a conflict between the medical manager's office and the other branches affiliated with the health service at the hospital, where several patients have been waiting without being seen by a doctor. [passage omitted] [end recording]

Paper Lists High-Ranking Army Personnel

FL0501225295

[FBIS Editorial Report] Port-au-Prince LE NOUVELLISTE in French on 28 December publishes on page one the following list of high-ranking Haitian Army personnel:

Brigadiers Generals:
Bernadin Poisson, commander in chief
Martial Romulus, deputy commander in chief
Mondesir Beaubrun, chief of staff

Colonels:

Jonas Jean, Coulanges Justafort, Jean Robert Rene, Jean Brunel Goby, Jean Eugene Jose, Ramus Sainvil, P.H. Cherubin, Neocles P. Arne, Jean Lamy, Marc Antoine Metellus, Jean Lucien Cazeau, Rodrigue Creve-Coeur, Jean Claude Occenad, Jean Claude Jeudy, Waner Etienne, Jean Marie Fourel Celestin

Lieutenant Colonels:

Dumas Joseph Laurent, Devil Bertrand, Joseph J. Thomas, Ernst (?Momoent), Jean Gary Greffin, (?Edward Mourin-Phary), (?E.G.) Neptune

Majors:

Yves Jean Marie Souffrant, Thomas Kerns Jean-Bart, Dany Toussaint, Max Hilaire, Pierre E. Charles, Anthony St. Louis, Jacques Aurelus, Pierre Michel Lubin, Francois D. Rodnes, Francois M. Charles-Pierre, James Jean-Baptiste, Raymond Ravilus, Medard Jean Julien

Captains:

Jean Yves Ansy Champagne, Jacky Mitton, Gary Altidor, Mendes L. Petion, Ariste Hans Etienne, Jean Miguelite Maxime, Claudy Joseph, Clausel Corridon, Jean Denis Zamor, Jacques Clement, Claudel Zamor, Jean Daniel Felix, Jean Nesly Elie, Mario Andresol, Ecceus Roc, Louiner Champagne, Flambert Guillaume, Eddy Desrosiers, Jean Rodolphe Joasil, Carlil Gobert, Charles Astral, Jules Yvon, Lucien Dieudonne, Frantz Jean-Francois

Lieutenants:

Roland Alexis, Jean Baptiste P. Blaise, Jean Saint-Fleur, Jean Edwige Robert, Auguste U. Cineus, Jean Gael Menelas, Edouard Pierre, Ousner Alexandre, Jean Baptiste Michel Ange, Rosevald Boucard, Henriot Toussaint, Rony Ceneac, Richard Salomon, Erik Cheriska, Jean Yonel Trecil, Aniceau Pierre Fils, Joasilien Etienne, Frantz B. Playsime, Louisme Aleus, Youri Latortue, Gerard E. Louis Jr., Max Gabriel Louis, Abner Vilme, Mac Gregoire Thelusma, Jean Romane Rosarion, Carrel Alexandre, Jean Roosvelt Rene.

SRE Continues To Promote Salinas' WTO Candidacy

PA0501131195 Mexico City LA JORNADA in Spanish 4 Jan 95 p 4

[Report by David Aponte]

[FBIS Translated Text] The Secretariat of Foreign Relations (SRE) is continuing its international campaign in support of former President Carlos Salinas de Gortari's candidacy for World Trade Organization (WTO) presidency, diplomatic sources reported yesterday.

Salinas de Gortari has traveled to Brazil, India, and Morocco to promote his candidacy and is taking good advantage of relations initiated during his presidential term to obtain support from developing countries, the sources noted.

During his trips abroad, Salinas de Gortari presents himself as the candidate who represents developing nations. "In that respect, we could ask: Who pays for Salinas de Gortari's travel expenses?" they said.

Sources consulted said that so far Salinas de Gortari has been using the contacts of members of the Mexican foreign service to promote his candidacy at the international level.

For example, Foreign Secretary Jose Angel Gurria did some lobbying during his recent visit to Brazil and finally obtained the support of that South American nation for Salinas de Gortari's candidacy, they said.

"We are trying to combine the forces of the countries in the hemisphere to guarantee the success of his (Salinas de Gortari's) candidacy and to influence those countries that are undecided," Gurria said in Brasilia.

The Foreign Secretariat's support for Salinas de Gortari's candidacy is not new. In the second half of 1994, the former foreign secretary, under secretaries, and ambassadors initiated a campaign in his favor, which Gurria has continued even though the Foreign Secretariat has denied issuing any official instructions to that effect.

The sources explained that according to diplomatic custom, Mexican diplomats take advantage of their travel abroad, as Gurria did, to present foreign governments with the candidacy.

The former Mexican president currently has the support of the Mexican foreign service and also makes his own international campaign tours. "This is an unusual and intelligent strategy, because none of his adversaries (former Italian Trade Minister Renato Ruggiero and former ROK Trade Minister Kim Chulsu) have the contacts that Salinas made during his presidential term," they said.

"We recently saw him close to new Brazilian president Fernando Henrique Cardoso. For Ruggiero or Chulsu, it is more difficult to approach leaders or heads of state," they explained.

Nevertheless, diplomatic sources believe that Salinas' advantage has declined with the current Mexican economic crisis. In addition, the Italian candidate already has the full support of the European Union and of more than 50 percent of the international community, they added.

Foreign Policy Seeks To Strengthen Economic Ties in 1995

PA0501193995 Mexico City UNOMASUNO in Spanish 3 Jan 95 p 3

[Report by Oscar Vasquez C.]

[FBIS Translated Text] The Foreign Relations Secretariat [SRE] has stated that Mexico's foreign policy this year will focus on strengthening commercial and economic relations with the United States, diversifying ties with the European community and Latin America, preserving the country's sovereignty and decisionmaking power, and seeking the welfare of Mexican society.

Latin America's macroeconomic and political stability will allow a closer relationship with Mexico, particularly after commercial agreements with the United States, Canada, Costa Rica, Bolivia, Chile, and the Southern Cone countries go into effect.

The SRE will not allow information on Mexico's economic, political, and social affairs to be distorted abroad. Mexico will stick to the truth in discussing the country's situation. "We will not distort reality to attract investors," the SRE said.

Trade, drug trafficking, and immigration are priority items on the bilateral agenda for discussions with United States. The SRE has said, however, in terms of the last issue, that there is no agreement between Mexico and the United States. "We regard immigration as an outlet for the job shortage and as a door leading to greater economic opportunities," the SRE also said. It added that the Ernesto Zedillo and William Clinton administrations agree on the need to end drug trafficking, which is the source of negative social effects.

In addition, the SRE said that mechanisms will be applied to increase the 20 percent that Mexico is already receiving from foreign investments in Europe, without overlooking the country's relations with United States, with which the largest share of trade is effected.

Finally, SRE said that ties with Asian countries will be strengthened, particularly since Mexico was admitted to APEC [Asia- Pacific Economic Cooperation] last year. President Zedillo will attend the APEC meeting in Osaka, Japan in November.

Finance Secretary on Country's 'Healthy' Economy

PA0601145895 Mexico City XEW Television Network in Spanish 0430 GMT 6 Jan 95

[From the "24 Hours" newscast]

[FBIS Translated Text] At New York City's Pierre Hotel, Mexico's Finance Secretary Guillermo Ortiz spoke before hundreds of U.S. bankers and directors of financial organizations.

He said Mexico's economy is basically healthy. We can pay our debts, he said.

According to tomorrow's edition of THE NEW YORK TIMES, which began circulating this evening in New York City, the trust investors have in Mexico's future grew as a result of Mr. Ortiz' speech.

Secretary Ortiz explained to his audience the Mexican Government's emergency program to face devaluation. Mr. Ortiz said the peso is undervalued and for this reason an effort will be made to set the exchange rate at 4.50 per dollar.

Secretary Ortiz said the Mexican Government will fulfill all its short- and long-term obligations. Mexico has no solvency problem or an excessively large debt, he said. Speaking to "24 Hours" and Global Communication Enterprise, Ortiz said:

[Begin Ortiz recording] I think Mexico's situation today is completely different from that of 1982, when our debt was too large and when we had problems trying to grow and pay debts at the same time. We do not have this problem now. The only problem we have now, I repeat, is that we are facing maturity dates and short-term obligations in the near future. This is why we have established an $18 billion financial package and why we have an additional reserve of $6 billion. This adds up to $24 billion with which we can face the short-term obligations.

As the markets realize that we are capable of facing our obligations, the problem will disappear. [end recording]

Secretary Ortiz said one of the objectives is to cover the short-term obligations resulting from the treasury bonds debt.

The treasury bonds are short-term obligations of Mexico's treasury. The obligations are in pesos backed by dollars to protect bond-holders from devaluations. With this devaluation, the bonds' value increased by 40 percent because they will have to be paid in pesos based on the dollar's new price.

The end of January is the maturity date of $3.6 billion in treasury bonds. The end of March is the maturity date for approximately $7 billion.

During his meeting with bankers and investors, Ortiz tried to convince them they should continue holding the treasury bonds but they now want higher interest rates to either buy new bonds or to continue holding the bonds they have.

Ortiz told "24 Hours" he offered treasury bonds investors a menu of options that could accommodate them.

[Begin Ortiz recording] We have not finished designing this new tool. We are working with investment bankers of the United States and Mexico to design optional market mechanisms that could accommodate investors. The problem we have is that the treasury bonds have a short-term maturity date and although we are going to cover these maturity dates, we should offer options to investors who may prefer new forms of investment.

I repeat, we are working on these tools. We told the investors that these tools are not going to be ready overnight. It will take a few weeks to design and implement these tools. What is important is to point out, first, that we have sufficient resources, and second, that we have the will to face the country's short-term obligations. We have two months to do that. [end recording]

Ortiz said Mexico has a balance-of-payments problem but it will come out stronger out of it.

Mr. Ortiz' message generated a favorable reaction of trust among U.S. investors, according to experts from Goldman-Sachs, Merrill-Lynch, and Salomon Brothers financial houses.

Ortiz announced that tomorrow he will travel to Washington to meet with IMF executives to formally request a financial agreement to support the peso-recovery drive.

PRD Officials React To Economic Program

PA0601144395 Mexico City UNOMASUNO in Spanish 5 Jan 95 p 5

[Report by Mariano Rosales Hernandez and Martin Vargas Vidales; words within italics as published]

[FBIS Translated Text] Per an agreement of the National Executive Committee [CEN] of the Party of the Democratic Revolution (PRD), that party's economic adviser Jorge Calderon Salazar announced that there will be nationwide demonstrations to protest the new economic program of President Ernesto Zedillo because it is doomed to fail in four months, at the latest, because the people will not withstand increases in products ranging from 15 percent to 20 percent or the banks' higher interest rates with wage increases of only 7 percent.

He argued that the Agreement of Unity to Overcome the Economic Emergency will not withstand onslaughts, such as the flight of capital, the inflation rate will remain unbridled, and what is worse, he said, "the funds obtained from loans, which total $19 billion [figure as published], will not serve to shore up the dollar but to help *dollar-removers [sacadolares]* get their money out of our country."

For workers and other wage earners, the economic situation will become unbearable in the months ahead. For that reason, he said, we are demanding: an emergency wage increase; strict control on the banks' interest rates so that industry is not *suffocated*; and the renegotiation of overdue portfolios to help farmers, and —

although the PRD's CEN did not approve this proposal—we need to regulate and oversee the movement of foreign currency to avoid the flight of capital.

On this last point, he explained, we need to oversee and regulate the transfer of foreign exchange so that the resources we receive from abroad by way of credit and exports do not leave the country as a result of flight of capital. "This frightens hesitant people," he said. Without regulating and overseeing foreign currency, it is unlikely we will able to move ahead. We are going to receive $18 billion, and in a few months, we will be in the same situation, with nothing, because the money will be used to pay the foreign debt. For that reason, he added, the federal government must immediately renegotiate the foreign debt to liberate the resources that at this moment are allocated to pay the interests and amortization of the foreign debt in order to shore up the Mexican peso. Another step the government should have taken—he added—is to request backing to get the IMF to give us 50 percent of the resources we have in deposits, which is a kind of automatic support line that any country can have at its disposal. That would strengthen our currency, he affirmed.

Calderon Salazar said that the measures taken by Zedillo to leave the interest rates without controls means banks will charge exorbitant amounts that will definitely *suffocate* the people. The absence of price controls means giving a free hand to businessmen, and the 7 percent wage ceiling will lower the real salary.

The reduction in public spending is not feasible because it means a reduction of the economy, which is already in a recession, and problems in agriculture, industry, and the construction of infrastructure, as well as in other sectors, can get worse, he indicated.

For those reasons, Calderon Salazar said it was necessary that the people begin demonstrations of social resistance and that the different sectors rally together to fight these measures head-on. He added that next week the conditions for social demonstrations will be analyzed.

In addition, the PRD stated in the Federal District Assembly of Representatives [ARDF] that "big speculators, those who got rich during the previous administration—and not the workers and the people— must pay the cost of the economic adjustments."

During a news conference, Leopoldo Ensastiga and Dolores Padierna, PRD bloc coordinator at the ARDF, questioned the fact that the agreements among the different sectors are highlighted, when the business side includes *dollar-removers* who have once again unhinged the economy.

Ensastiga unveiled a proposal aimed at "redirecting the economy to face structural problems," which includes renegotiating the foreign debt and restricting imports.

Ensastiga, who is also the chairman of the Economic Development Committee of the ARDF, proposed avoiding speculative actions with regard to the dollar, improving relations with developed countries to ensure access to technology, restricting the indiscriminate growth of imports, and revising the external aperture process to expand the market in areas where the country may be more competitive.

The five-point proposal also mentions renegotiating the foreign debt and reaching an agreement with the United States to reduce and delay the servicing of the foreign debt, as well as to obtain a new long-term loan, and, lastly, decreeing a moratorium on the payment of the foreign debt because of the lack of means to pay it.

He also suggested implementing a tariff policy that will generate fiscal revenues to improve public finances and a subsidy policy that will favor investment and therefore employment, in addition to granting priority to the domestic production of goods rather than to imports.

He suggested that there should be advances in modernizing the productive plants, in the furthering on the part of the state of technological development programs, raising the purchasing power of real wages, and increasing productivity.

A document Ensastiga read states that "if we strengthen the domestic market we are giving a boost to production, and we can reconcile this effect with the higher principle of reaching development with social justice."

Meanwhile, Padierna, felt the funds stemming from privatizations and the liberalization of the economy "were depleted because they were recycled abroad through the accelerated growth of imports." The PRD representative said that since no financing was obtained for the domestic deficit, the conditions no longer exist to maintain exchange and monetary stability, as well as to improve public finances.

Secretary Denies Aid Conditional on Pemex Privatization

PA0501124895 Mexico City UNOMASUNO in Spanish 4 Jan 94 p 3

[Article by Ricardo Contreras Reyes]

[FBIS Translated Text] Energy Secretary Ignacio Pichardo Pagaza has said that the international economic aid fund Mexico received is not conditional upon the privatization of Mexican Petroleum (Pemex). He added that private investment in the energy sector is well regulated by the corresponding constitutional and regulatory framework, and no change is expected.

"Those credits are in no way conditional upon any modification of the legal framework. Private investment in the energy sector is perfectly well-defined."

The official emphasized that at present this industry is playing a crucial role in the recovery of the country's financial health and sustained growth.

He said that so far no private sector investment project has been canceled and added that his job will be to ensure that capital continues to arrive as it is essential for Mexico's growth.

Swearing in Monica Barrera Rivera as secretariat comptroller, Pichardo Pagaza said that this year there will be a personnel cut in the energy sector, but he did not specify how many employees will be dismissed. He did say, however, that "it will be as few as possible."

He added that the country's critical situation makes it necessary to face the new financial and economic conditions, which are complex. "They constitute a challenge, but we will forge ahead with determination," he stated.

Pichardo Pagaza gave a speech at the presentation of the annual report of the Energy Regulatory Commission, headed by Georgina Kessel, and noted that the regulation required at present must generate trust, certainty, and fair treatment within an atmosphere of healthy competition for private investment.

"We must promote the protection of the rights and interests of society as users and consumers to ensure a continuous flow of quality products and services at fair prices and under environmentally safe conditions," he said.

He added that there is a need to have clearer and wider ranging duties which include an interrelationship not only with electricity companies but also with fossil fuel companies. We need to reinforce the duties of authorities in areas such as addressing complaints and settling controversies through conciliation and arbitration.

The former president of the CEN [National Executive Commission] of the PRI [Institutional Revolutionary Party] said the federal government will act with determination and efficiency in this area, because the recent reforms to the basic public administration law promoted by President Ernesto Zedillo will lead the new Energy Secretariat to focus attention on the energy sector.

Meanwhile, Georgina Kessel emphasized that the opening of the electricity sector to private participation in the area of energy generation has been met with great interest by potential investors, local as well as foreign.

She pointed out that during her first year as head of the Commission, rates for high and medium tension backup service [tarifas del servicio de respaldo de alta y media tension] were established to support permit holders during failures and maintenance periods for their own equipment.

She added that in 1994 the bases were established for private investment projects in the electricity sector while trying to preserve a just balance in the relationship between private citizens and parastate companies.

Bank of Mexico Establishes Ceiling for Internal Credit

PA0501161795 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 5 Jan 95

[From the "Early Morning" newscast]

[FBIS Translated Text] The Bank of Mexico will establish a 12 billion new pesos ceiling on its net internal credit growth for 1995. That is 21 percent of the monetary base, which was 57.2 billion new pesos at the end of 1994. The Bank of Mexico, in a communique, said that the institution will contribute to regaining the national currency's stability and purchasing power and will abide by the commitments made under the Agreement of Unity to Overcome the Economic Emergency. The bank added that it hopes to receive approximately $14 billion dollars in external funds to level off the government's current account deficit.

Banks Adjusting Interest Rates for Credit Cards

PA0501132295 Mexico City REFORMA in Spanish 3 Jan 95 p 25

[Report by Mayela Vasquez]

[FBIS Translated Text] Several banks have begun to adjust their interest rates for credit cards, registering increases of approximately 13 percentage points, according to a study of several banks conducted by REFORMA.

However, there are other institutions—including Banca Serfin, Banco Union and Multibanco Mercantil Probursa—that have not yet increased their interest rates, which fluctuate between 3.22, 3.25 and 4 percent a month.

Until yesterday, Bancomer offered a monthly interest rate of 5.18 and an annual interest rate of 62.15 percent, while Inverlat offered a monthly rate of 4.83 and an annual rate of 57.96 percent.

Diners Club is currently the credit card with the highest interest rate in the market (without considering new adjustments). This credit card offers an annual rate of 64.8 and a monthly rate of 5.4 percent.

American Express is a charge card; consequently, the client must pay off the total of the balance of the charges made prior to the payment deadline. If the total debt is not paid off within the 20 days following the payment deadline set by the institution, a 9.5-percent interest plus IVA [Value Added Tax] is charged.

As for the current exchange rate for charges made abroad, it is set for bank cards based on of the day on which the international payment systems of MasterCard and Visa charge the institution that issued the card (which is regularly 24 hours after the transaction is made). As for American Express, the exchange rate considered is the one in effect on the day of payment.

Bankers React to Plan To Open to Foreign Investment

PA0601033195 Mexico City REFORMA in Spanish 5 Jan 95 p A-17

[Report by Mauricio Flores]

[FBIS Translated Text] The proposal to open 100 percent of the national financial system to foreign investments took more than one banker by surprise, when they were briefed on details of the Emergency Economic Program during a meeting with high-ranking Finance Secretariat authorities.

Although some of them had learned about this proposal yesterday morning in a memorandum bearing the logo of the Mexican Association of Bankers, others had learned about it in the media, but there was no official confirmation.

The proposal, which will have to undergo legislative discussions to modify the General Law of Credit Associations, was officially shown to the group of bankers during a presentation and discussion of the "Road Show" Finance Secretary Guillermo Ortiz will make in New York and the most important financial capitals in Europe to explain and convince investors of the viability of the Emergency Program.

"It is just a proposal, but we must fight for it so the total opening can benefit the banking system and not replace national institutions. It would be more beneficial if foreign banks form partnerships with Mexican banks, rather than having them open offices here independently," explained a banker who has asked not to be identified.

The proposal is beneficial for other bankers at the meeting, because it will be a way to attract foreign capital, and foreign bankers first establish themselves in a foreign country by purchasing stock or forming partnerships rather than by independently opening large networks of branches according to international experience.

Nevertheless, bankers have conceded the total opening will entail leaving behind the gradual process established in NAFTA. Some of the bankers have expressed their suspicion the proposed measure was the result of pressure from international banks, taking advantage of the fact they will offer $3 billion in credits to Mexico

The increased presence of the international banks, they have asserted, is a factor that may prolong the terms for recovering the investments made during the reprivatization [reprivatizacion] of Mexican institutions.

An additional concern, they have concluded, is the possibility the ability of the Bank of Mexico to control the payment system and implement the monetary policy may be reduced, in case entry of foreign banks is not regulated properly.

Finance Secretary Outlines Privatization Plans

PA0601030195 Mexico City NOTIMEX in Spanish 0040 GMT 6 Jan 95

[By Ricardo Alday]

[FBIS Translated Text] New York, 5 Jan (NOTIMEX)—Mexican Finance Secretary Guillermo Ortiz Martinez said here on 5 January that the Mexican Government will seek to collect up to $14.5 billion through a new series of privatizations.

At a meeting with institutional investors, Ortiz Martinez gave details about the program the Mexican Government will implement to stabilize the country's economy and to recover the trust of national and foreign investors.

According to Patrick Paradiso, director of Latin American Analysis at the German Deutsche Bank, Ortiz Martinez revealed that the following will be put up for sale:

Assets	Estimated Value in Dollars
Electric power plants	6 billion
Ports (infrastructure)	250 million
Petrochemical plants	1.3 billion
Satellite systems	1.5 billion
Telephone services (long-distance)	1.5 billion
Highways	1.5 billion

Ortiz Martinez, who did not release estimates for railroad privatization, also said the government could sell the Bancomer [Bank of Commerce] stock it still holds, and he added that airport services could be privatized, including those in Cancun and Mexico City.

"It all depends on whether the services can be privatized this year, for example, at the Mexico City airport... We will have to wait and see," Ortiz Martinez told Mexican journalists later.

"We have not talked about timetables" for privatization, and "we have presented conservative figures... because it is preferable to fall short than to exceed expectations," the Mexican official said.

Ortiz Martinez became finance secretary when Jaime Serra Puche resigned in late December after a devaluation of the Mexican currency unleashed an economic crisis.

Exporters Want Ports To Stay in Mexican Hands

PA0501135295 Mexico City EL FINANCIERO in Spanish 4 Jan 94 p 18

[Report by Georgina Tristan]

[FBIS Translated Text] Mexican exporters are willing to invest the $5 billion required by the country's main ports (Veracruz, Altamira, Manzanillo, and Lazaro Cardenas) to advance their privatization and modernization as well as to keep them from being relegated by foreign capital. According to a poll of members of ANIERM [National Association of Mexican Importers and Exporters], Conacex [National Foreign Trade Council], and shipping, customs, private, and industrial agencies, Mexicans are willing to make this investment as soon as the government "takes it."

Although Bancomer [Bank of Commerce] is already acting as the coordinating institution to conduct feasibility studies of the container stations, which will be the first to be sold in a bidding process by the Mexican Government, private groups have indicated that the 60-day deadline set by the government to sell those stations could be extended until March, when the bid will be announced.

Private participation in the mobilization of containers will increase almost 50 percent in the country's ports as 439,000 teus (measure to calculate the movement of 20-foot containers) were moved in 1992, 510,000 teus were moved in 1994, and it is expected that 750,000 teus will be moved this year, they stated.

The Mexican groups added that were willing to associate with foreign investors if nationals had a majority (51 percent) of the stock.

The people polled commented said that leading customs agencies are even forming groups to bid for the container stations at the mentioned ports.

They admitted that there are capitalists in Korea, Japan, the United States, and Germany who are interested in the Mexican ports but said that domestic businessmen have quantitative and qualitative advantages that international analysts do not take into account in their studies. Those advantages include labor relations, familiarity with idiosyncrasies, and experience in managing ports and working with the municipalities, states, and the federation.

Foreign investors view the prompt privatization of Mexican ports favorably because Mexico would become a commercial springboard to the United States and would reduce costs, especially in the ports of Topolobampo and Veracruz.

It also has an advantageous geographic location vis-a-vis the large commercial blocs such as the Far East, the European Union, the NAFTA countries, and South America.

They added that foreign investment in member countries of the OECD—to which Mexico belongs—is heading toward strategic alliances between nationals and foreigners in which local participation predominates.

The "financial logic" shows that there has to be partners from the place where foreign capital is being invested, they added.

Although the government is in a hurry to distribute the port and container services to concessions, the national groups have said they will be alert to stop monopolies from being established in Mexican ports.

They contend that there are qualitative and quantitative advantages in Mexico which are not often taken into account with foreign capital.

Among these advantages, they mentioned the experience of Mexican companies in managing foreign trade with the United States and its seniority in this area vis-a-vis their Asian counterparts.

Shipping company agents also have the advantage of having established relations with the world's 100 top shipping companies. These top companies include Sea Land Service, Evergreen Line, Maersk Line, American Prescant Line, and Hanjin Sheping.

The previous shipping companies and such companies as NYK Line, Hyundas Merchant Marine, "K" Line, Orient Overseas Container Line, and Mitaui OSK Line alone moved over 5.7 million—mostly in imports—in 1993.

Another asset is the Mexican labor force, which is one of the best if it well trained. The workers' knowledge of ports makes them skillful at stowing, thus beating normal records, they pointed out.

Worker-employer relations in Mexico are important in these cases, the sources said, since the workers show better conduct and greater trust toward a Mexican employer.

The Mexican companies have the comparative advantage of their relations with the country's municipal, state and central governments to conduct all sorts of transactions. This is an obstacle for foreign investors.

Another important aspect is that most port warehouses are owned by private Mexican companies and complement and facilitate the process of container movement.

One of the quantitative advantages of the Mexican companies is that they have "sufficient" capital to submit bids for the container terminals and the services that could be privatized, such as piloting, lighterage, towing, and warehouses. Concessions for warehouses may be out in April, they said.

They conceded, however, that they are open to merger proposals from foreign investors so long as most of the stock remains in the hands of Mexicans (51 percent) since national companies have the know-how [previous two words in English] to do things.

Mergers between foreign and national companies would create the opportunity to have more advanced technology to optimize the movement of goods for the benefit of the country's foreign trade.

They reiterated that foreign investors will not replace national investors because there are resources to invest in Mexican ports.

Private Sector Leaders on Economic Program

PA0501154795 Mexico City EL FINANCIERO in Spanish 4 Jan 95 p 28

[Report by Isabel Becerril and Leticia Rodriguez]

[FBIS Translated Text] The Mexican private sector has asserted that the Emergency Economic Program (PEE) answers the businessmen's expectations because it will help the economy resume its course within six months, although it was admitted inflation will reach 18 percent, compared with a 1.2 to 1.5 percent economic growth. in 1995.

Leaders of the CCE [Business Coordinating Council], Coparmex [Employers Confederation of the Mexican Republic], Concanaco [Confederation of National Chambers of Commerce], Canacintra [National Association of Manufacturers], Canaco [National Chamber of Commerce], and CNA [National Agricultural Council] recognized that the jobs required by the country cannot be generated but that the essential thing right now is to recover trust in the country so that foreign capital may flow in again.

Commerce and Industrial Development (Secofi) Secretary Herminio Blanco Mendoza believes Mexico may receive between $7 billion and $8 billion in foreign investments by the end of 1995.

He reported that the Secofi will begin a series of talks with all the production groups in the next few weeks to remove obstacles against exports and bolster agreements on economic issues.

Luis German Carcoba, top leader in the business sector, accepted the fact that expectations for an economic recovery in 1995 will be negatively affected; a growth of between 1.2 and 1.5 percent and an inflation of approximately 13 to 15 percent are predicted this year.

He said that 1995 will start with a high inflation rate that will decrease by the last quarter. The greatest challenge is to "do things right so we can work under normal conditions in five or six months at the latest."

Coparmex President Antonio Sanchez Diaz de Rivera explained that the private sector's sacrifice in the PEE was to reduce its profit margins and not talk about fiscal incentives for the time being.

He said: This does not matter, provided we achieve economic stability. Microeconomic guidance should now be given, because the economy's health is based on the welfare of the manufacturing sector, which includes both the businessmen and the workers.

Given the current difficult situation, production will drop and there will be restrictions, but this is expected to decrease in the fourth quarter, he recognized.

Meanwhile, Concanaco leader German Gonzalez Quintero said there will be a shortage of approximately 200,000 jobs with a 0.5 percent to 2 percent economic growth. Salary increases will be based on productivity rather than direct increases.

He emphasized that there will be an inflationary spiral and one of the new program's plans is to stabilize the economy as quickly as possible so that, within two or three months at the most, work may continue with a normal growth and inflation.

The leader of the country's organized trade sector said that, although it is difficult to predict economic behavior right now, a 1.2 to 2 percent economic growth is foreseen, but it will depend on what happens in the next two months. In other words, if more foreign capital is received a more significant recovery will be achieved in the economy.

Moreover, Salvador Lopez Negrete, president of Mexico City's Canaco, stated his concern about the decrease in the people's purchasing powers.

He said that, although the PEE does not include specific fiscal elements, to incorporate them would send a very bad signal to those who are responsible for creating jobs and generating riches.

The business leader said the working class' purchasing power must recover as soon as possible since this will allow industrialists and businessmen to take advantage of the opportunities offered by the domestic market. "If we are not careful, this could be delayed to everyone's detriment."

Lopez Negrete said that the currency's abrupt, even exaggerated, devaluation implies that effectively "we erred as a nation regarding our economic policy, but we are ready to overcome this situation."

Meanwhile, Canacintra President Victor Manuel Terrones Lopez warned that the new economic program's main risk is that it may not be implemented because there is a dependence on international markets and it is not known if they will respond as expected.

He said that the creation of new support plans will allow an effective growth of small and medium-sized industries, which should finally generate the jobs demanded by the country, so it is necessary to strengthen and develop them.

Regarding the absence of fiscal incentives, he noted that, unfortunately, the current situation does not allow the inclusion of these measures. Nevertheless, they will work hard and quickly with Finance Secretary Guillermo Ortiz to find a "friendlier" tax simplification process to comply with the regulations and grant incentives to small and medium-sized industries in the future.

He said there are many complications in the fiscal laws and the idea is to increase tax revenues if the collection process yields results, but simpler formulas are required for this.

"We all know we do not expect tax increases because they are not advisable right now" and there will surely be some adjustments in certain fiscal plans, but this will be discussed later with the authorities.

In turn, CNA President Jorge Mazon Rubio said a difficult phase will soon be experienced and all the sectors must adjust to the situation to maintain the agreement and achieve stability.

Finally, he said he is confident that the increase in interest rates and costs will be a temporary situation and that previously achieved inflation levels will be recovered.

Private Enteprise Supports Pemex Price Hikes

PA0601042795 Mexico City REFORMA in Spanish 5 Jan 95 p 21A

[Report by Gabriela Amador]

[FBIS Translated Text] Private enterprise believes the price increases in industrial fuels and raw materials supplied by Pemex [Mexican Petroleum] are necessary to prevent the firm's decapitalization, as well as to prevent unfair conditions from arising among producers who use Pemex materials.

Arturo Garcia, president of the National Chemical Industry Association, said speculation about these price hikes started a week ago, because the petrochemical industry—the foundation of nearly every production network—provides materials that are sold in a globalized market.

"It would have been fatuous to attempt to apply price controls on materials, which, even without being imported, reflect conditions of competitiveness at an international level," he added.

Garcia asserted that the effects of the devaluation on the oil industry were unavoidable, because overall market conditions are dictated by dollars and the price of oil is set in dollars.

If Pemex products fail to increase in price, it would generate unfair competition in the domestic market, because those who import raw materials that Pemex cannot provide would be placed at a disadvantage. Such a situation could even trigger speculation between selling in Mexico or exporting, because production costs would be lower with national products, he said.

The chemical industry official said the fact that only 95 percent of the peso's dollar value is being used to establish the price of Pemex products means the parastate enterprise can garner a 5 percent increase in foreign exchange.

Miguel Angel Onofrietti, director of DuPont Chemicals of Mexico, guaranteed that his firm will continue with its domestic investments and product import programs, just as it has been doing in Mexico for the past 70 years.

"We are not playing down the situation, but it does not scare us," he asserted.

Other industrialists noted that they expect increases in electricity rates, especially in industrial and commercial rates. Electricity is not subsidized because more than 50 percent of the electricity generated in the country is produced with fuel coming from oil byproducts.

Reports Note $23.482 Billion Flight of Capital

PA0501194195 Mexico City LA JORNADA in Spanish 4 Jan 95 p 37

[Report by Roberto Gonzalez Amador, Juan Antonio Zuniga, and Emilio Lomas]

[FBIS Translated Text] According to federal government reports released yesterday, the flight of liquid capital funds from Mexico in 1994 totaled $23.402 billion, 47 percent of which—almost $11.1 billion—was transferred during the last 60 days of the year.

This transfer of funds abroad is equal to 7.2 percent of the GNP for 1994. Not only did it cause the most abrupt devaluation of the Mexican peso since 1987, but it reduced Mexico's international reserves to $6.148 billion by the end of last December.

On average, $1.386 billion was withdrawn per week from 1 November to 31 December, 1994; about $557.7 million per banking day during that time.

Translated into local currency at a 3.8 new pesos per dollar exchange rate, the total exodus of funds is four times greater than the amount originally allocated to foreign debt service payments for 1995, calculated at 18.312 billion pesos.

The total withdrawal for 1994 is, undoubtedly, the largest the Mexican economy has registered this century. Comparatively speaking, the amount is even greater that the total government direct expenditures budget for 1995.

This budget, which could be cut under the economic emergency plan, was originally set at 72.766 billion new pesos for the 16 secretariats, the General Attorney's Office, the Presidency, the Solidarity program, and the total social security premium payments. In local currency, the total amount that has fled the country is 88.927 billion new pesos.

The total amount of funds transferred in 1994 was also greater than the original budget figures assigned to health and social security; Solidarity; urban development, ecology, and water; industry and mining; and tourism and fishing. Together, these items had been assigned 84.954 billion new pesos.

The exit of funds from the system itself was accomplished at two very specific times. The first began during the last week of March, following the murder of Luis Donaldo Colosio, the presidential candidate for the Institutional Revolutionary Party. The second occurred during the last quarter of the year, which included the last month of the administration of President Carlos Salinas de Gortari and the first month of the Zedillo administration.

According to the official reports, foreign reserves totaled $24.573 billion as of 31 December 1993, which was the highest ever and 32 percent greater than the $18.554 billion in international capital assets at the Bank of Mexico at the end of 1992.

The entry of NAFTA was expected to be the main factor in increasing the country's foreign investment income. And so it was, at least for the first months of 1994, when reserves reached $29.549 million toward the end of February.

The country's international capital assets increased to over $5 billion in just two months. That is a 20.4 percent increase over the funds on deposit on 31 December 1993.

Government sources said that reserves grew even more during the first half of March. The flow stopped, however, after Colosio's death.

April was a heavy month for the flee of capital. In global figures, $12.307 billion left the country during the second part of march and the second half of April. Hence, international reserves dropped to $17.287 billion, which was still thought to be enough to cover the current account deficit.

Things stayed this way until last 14 October, when Miguel Mancera Aguayo, the governor of the Bank of Mexico, reported at the 58th Banking Convention that Mexico's international capital assets totaled $17.196 billion.

The next official report was released 17 days later, during the sixth and last state of the nation address by Former President Carlos Salinas de Gortari. He told Congress that reserves totaled $17.242 billion on 31 October.

On the night of 19 to 20 December, the Mexican financial authorities decided to widen the new peso's floating bands by 15 percent. The now former Finance Secretary Jaime Serra Puche told high-ranking representatives before the Pact that international reserves had fallen below $6.500 billion.

Up until yesterday—3 January 1995—there was no word on how much the country has in international reserves.

Santiago Onate, the secretary of labor and social welfare, said in his speech during the signing ceremony of the Agreement of Unity to Overcome the Economic Emergency, that foreign reserves at the Bank of Mexico on 31 December 1994 were $6.148 billion.

From the highest total registered in February up to the year's end, a total $23.401 billion have fled the country, of which $11.094 billion were transferred during the last 60 days of 1994.

Electricians Union Refuses To Sign Emergency Program

PA0501155195 Mexico City REFORMA in Spanish 4 Jan 95 p 23A

[Report by Claudia Ramos]

[FBIS Translated Text] The leaders of the Mexican Trade Union of Electricians [SME] yesterday left the Labor Secretary's Office without signing the Agreement of Unity To Overcome the Economic Emergency, thus becoming the only sector representatives among the 42 present not to back the emergency program.

In leaving the negotiations, which lasted 20 hours, Pedro Bernardo Castillo Medellin, the trade union's secretary general, said that the document will be discussed next Thursday by the organization's general assembly and that the 5,000 member workers will decide what their position should be.

Labor leaders have said that the SME's refusal to sign is based on the 10-percent minimum salary increase, which was approved on 20 November and will be derived from a (3 percent) productivity increase and from fiscal incentives (7 percent) in the framework of an expected 4 percent inflation rate.

Labor leaders have remarked that Castillo Medellin rejected a direct 4-percent salary increase because the expected 1995 inflation rate is 15 percent. They also demanded this percentage increase as a minimum, something the government did not accept.

Despite general resistance to the salary freeze and price increases, the government's proposal was finally approved by the other members of the Labor Congress, the seven representatives of the peasant sector, and the 14 of the enterprise sector.

The three sectors accepted the agreement with slight modifications to the government's original proposal, which was leaked to reporters by the Social Communications Office of the Labor Secretariat. The proposal, whose original title was Agreement of Unity To Confront the Economic Emergency, was nine pages long.

The changes include a 1.3-percent reduction of the public expenditures previously approved by Congress. The original proposal had called for a 1.2-percent reduction.

The approved document asks that the social security system remain a heritage of the Mexican workers by strengthening the Institute of the National Fund for Workers Housing and the National Fund for Development and Guarantee of Workers Consumption, something the original document had not considered.

Regarding support for the peasant sector through the Program of Direct Support to the Countryside, the final document envisages granting a 400-new peso increase per hectare for the 1994-1995 fall-winter cycle and a 440-new peso increase for the 1995 spring-summer cycle.

NOTIMEX Workers Threaten To Strike 17 Jan

PA0501232195 Paris AFP in Spanish 0011 GMT 5 Jan 95

[FBIS Translated Text] Mexico City, 4 Jan (AFP)—The workers union at NOTIMEX, Mexico's state-owned news agency, has called for a strike to demand a 25-percent pay hike because of "the loss in the purchasing power in Mexico and increases in the enterprise's productivity," a union communique issued today said.

The United NOTIMEX Workers Union (SUTNOTIMEX) urged news agency directors to begin negotiations to avoid the strike, scheduled for 17 January, if workers' demands are not met.

It added that an annual raise was approved by a union general assembly in December and that the Labor Secretariat's Arbitration Board established 12 January as the date for the beginning of negotiations.

SUTNOTIMEX's strike call is the first one after the government announced a virtual salary freeze within the framework of an emergency plan to face the economic-financial crisis unleashed by a devaluation of the peso (of close to 33 percent) and an increase in local interest rates (of more than 100 percent).

NOTIMEX, founded 25 years ago, has 472 employees, 232 of whom are union members.

Leftist Groups Protest Emergency Plan in Mexico City

PA0601033595 Hamburg DPA in Spanish 0052 GMT 6 Jan 95

[FBIS Translated Text] Mexico City, 5 Jan (DPA)—Thousands of leftist opposition supporters today participated in a demonstration in Mexico City against the Emergency Economic Program announced by the government to overcome the financial crisis currently affecting the country.

The demonstration, which caused huge traffic jams in downtown Mexico City was called by the Independent Proletariat Movement [Movimiento Proletario Independiente] and the National Coordinating Board of Independent Social Organizations [Coordinacion Nacional de Organizaciones Sociales Independientes], which were joined by other radical leftist groups.

The groups that organized the march protested the agreement signed Tuesday between the government, private sector, and unions, which froze salaries among other measures to counter the danger of an inflationary spiral.

In addition to demanding an emergency wage increase to recover lost purchasing power, the organizers of the march demanded the breakup of "disguised large estates," an end to the country's "militarization," and "exemplary punishment" of those responsible for the peso's devaluation.

They also denounced the decision by President Ernesto Zedillo's government to continue following "the neoliberal measures" of former President Carlos Salinas de Gortari, whose handling of the economy over the past six years has recently received a wave of criticism from Mexican society.

The demonstration—the first one held against the new Mexican government's economic policy—disrupted traffic over a large area of the Mexican capital, ending at the Plaza de la Constitucion.

Banking Association Head on Emergency Plan

PA0501145095 Mexico City EL FINANCIERO in Spanish 4 Jan 95 p 5

[Report by Leticia Rodriguez and Isabel Becerril]

[FBIS Translated Text] Jose Madariaga, president of the Mexican Association of Bankers [ABM], was interviewed upon leaving Los Pinos after signing the economic plan. He admitted that the Association's members will not be completely above water, especially in light of the overdue loan portfolio, and are looking for a better solution.

He called on all commercial bank debtors to come in and allow their bank to study their debt situation now to find a solution to each individual problem.

The leader of Mexican bankers reaffirmed the ABM's commitment to continue working and supporting the production sector to help it overcome the crisis it is facing in the shortest time possible.

Regarding credit restrictions, Madariaga Lomelin said this measure was imposed by the Central Bank in an effort to reduce inflation, which will affect the system in general.

He accepted the possibility that high interest rates could lead to credit card cancellations. He reaffirmed that it is difficult to solve the problem of overdue credit payments because of the many different cases.

The Banker's Association head called the economic package announced yesterday by President Ernesto Zedillo a consistent and complex system.

It is very important, he said, to speak clearly. "We spent many hours analyzing the package and found it consistent from all angles. Now I believe we have a solution to this very difficult situation we are facing."

Along that line, he said that a devaluation affects all sectors. With the Economic Emergency Program, however, we will provide the Mexican industry with better working conditions.

He addressed the issue of increased participation of foreign currency investments in Mexico's private banks, saying that such foreign investment, along with Mexican investments, will strengthen the financial system.

Manuel Robleda, president of the Mexican Securities Exchange (BMV), said the financial and stock markets will become calmer with the new economic measures.

He said that the drop in foreign reserves is no longer of such concern because we now have a financial support package directed specifically at supporting the market in difficult times.

He also said the Economic Program to be implemented soon is realistic, and each sector "must now do its part. We are studying all the most significant measures. Once the plan is in motion, we will begin to see tranquillity on the various markets."

The BMV head reaffirmed that the international community's financial support will boost the financial market and play an important role in providing the business sector with capital.

Robleda Gonzalez said there are companies that look at the stock market as a very useful, important option for increasing their capital and added that a flexible exchange rate "is very important."

Public Education Secretary Fausto Alzati expressed his hope that education be among the areas least affected by the government spending cuts as social spending is not included in the plan.

Labor Leaders Foresee Drop in Wages, Job Creation

PA0501140395 Mexico City UNOMASUNO in Spanish 4 Jan 95 p 7

[Report by Hilario Monroy A. and Marco Antonio Aguirre L.]

[FBIS Translated Text] Labor leaders believe the country's economic situation will have a significant impact on wage earners and a negative effect on job creation.

Elba Esther Gordillo, leader of the National Trade Union of Education Workers, noted: First a decade was lost, then another six years went by, and unfortunately it has been the workers who have been paying the price of the economic crisis. It is therefore necessary that policies be reviewed.

Interviewed at the conclusion of a message delivered by President Ernesto Zedillo, Ms. Gordillo said that after so many years of shortages there is a risk of social problems arising in the country, although she cautioned that it would be more dangerous to lie and hide the truth. Society must behave ethically and responsibly to face the current situation with a spirit of sacrifice.

Alfonso Reyes Medrano, economic adviser of the Confederation of Mexican Workers, has said that in the next four or five months, the generation of new jobs will drop as a result of the new economic program. He noted, however, that if stability and foreign investor confidence returns in the next few months, more job sources will emerge.

Francisco Hernandez Juarez, who heads employees of the telephone system, has affirmed that Mexican workers "will be facing tough times," which is why productivity must improve. "We have to do something," he said.

Carlos Jimenez Macias, leader of the Trade Unions Federation of Government Workers, has said that the financial problems endured by the country in recent months have to do with grave political conflicts and the increase in U.S. interest rates, which attract capital, especially if the owners of capital in a given country feel uncertain about what will happen in their land.

Jimenez said the agreement reached early Tuesday morning by the productive sectors was not aimed at correcting errors. He noted: We are just facing a different economic situation, and this type of decision can lead the country out of trouble.

Economic Plan Talks Represent 'Defeat' for Unions

PA0501183795 Mexico City REFORMA in Spanish 4 Jan 95 p 29A

[Report by Claudia Ramos; all quotations marks as published]

[FBIS Translated Text] According to the unions, the lengthy negotiations during which they agreed, along with the government, business sector, and peasant leaders, on an economic emergency program to deal with the economic crisis, represented a defeat.

A union source said that "the big business sectors will benefit considerably from the coming privatizations in strategic sectors. Workers, however, will find that the productivity bonus [bono de productividad] alone will be insufficient to mitigate the effects of price increases, since even the fiscal incentives are not applicable to everyone."

The dissatisfaction of the workers union leadership with the proposals to face the economic emergency made negotiations on the Agreement of Unity more difficult, delaying the signing of the document for more than 11 hours. It prompted further intense negotiations which forced Fidel Velazquez to withdraw out of exhaustion, but not before he expressed his disagreement with the document.

One hour before leaving the Labor Secretariat offices, and two hours prior to a scheduled meeting with President Ernesto Zedillo, Velazquez told Labor Secretary Santiago Onates that there was no consensus because the unions disagreed with what had been proposed so far.

The elderly union leader and president of the Confederation of Mexican Workers [CTM] suggested that the issue be discussed during a permanent assembly and at a meeting on the following day.

Onate then turned to Finance Secretary Guillermo Ortiz, who explained to the union leaders that rescheduling the drafting of the agreement could have undesirable repercussions for the country. Fidel then agreed to a session in a conference room beside auditorium Article 123. [sentence as published]

Disagreements with the union leaders broke out sometime yesterday at 4:00 a.m. when the chapters related to prices and wages were being analyzed.

Telephone operator union leader Francisco Hernandez Juarez and Elba Esther Castillo, secretary general of the National Coordinating Board of Education Workers, objected to Clause B of the original document presented by the government.

The original document specified that minimum wages could not increase more than the 4 percent agreed upon during the September 1994 Minimum Wage Commission meeting.

"In addition to the 4 percent increase to the salary base agreed upon during the concerted 24 September Pact, workers and employers will encourage, during collective bargaining negotiations, the granting of productivity and incentive bonuses, determined in accordance to specific negotiated indicators agreed upon between each sector's employers and workers unions.

"In addition to this minimum salary increase, three percentage points will be added to the fiscal bonus approved for all lower income earners by the Honorable Congress of the Union."

Hernandez insisted on the elimination of the reference percentages and that unions should be allowed to operate freely during collective bargaining, a proposal supported by Gordillo.

The government representatives requested some time to examine the proposal. Once consultations had been undertaken, they agreed to modify the paragraph.

The new draft, which eliminated the friction that had built up during the 22-hour meeting, was worded as follows:

"In addition to the salary base agreed upon on 24 September, the worker and employee sectors must determine productivity bonuses and incentives during collective bargaining negotiations, in accordance with specific indicators freely negotiated and agreed upon between the parties in each industry and at each work center."

According to a union source, the negotiation delays were due in part to the fact that the CTM decided to hold a four and one-half hour consultation meeting with its various sectors to reach a final position.

A Labor Secretariat source confided that "it is true the CTM arrived at the meeting as a very solid block, but their position would not be described as confrontational."

Nevertheless, Hernandez Juarez was extremely annoyed. His victory was minor, since he had failed to have the word "freeze" as relates to prices included in the document.

Nor could Elba Esther Gordillo hide her dissatisfaction. Yesterday afternoon, Gordillo was forced to face the recriminations of the country's education workers during a meeting that lasted more than five hours.

The only union that refused to sign the agreement was the Mexican Trade Union of Electricians, whose president, Pedro Castillo Medellin, asked that salary increases to be pegged to the new inflation targets, forecast to be between 15 and 18 percent, and not to the 4 percent estimated earlier. His proposal was not accepted.

Editorial: Americans 'Feel Cheated' by Economic Crisis

PA0501181195 Mexico City REFORMA in Spanish 4 Jan 95 p 8A

[Editorial by Felipe Diaz Garza: "The Devaluation of Michael Jackson"; passages within italics published in English]

[FBIS Translated Text] A few days ago, a specialized commentator said on an international television show that certain things can only happen in the United States. This commentator was talking about the bizarre epic of black singer Michael Jackson, who "changed the color of his skin, became a woman, and married Elvis Presley's daughter."

It is true that Jackson and his eccentricities more than illustrate the Americans' extraordinary quality; but that is not all. The Mafia, pizza, and machismo were invented in the United States (or rather, their models were improved, which is the same thing). It also developed the profitable industry of mental prostitution, which is depicted by the *table dancer* and which was vernacularly organized in a *joint venture* in Mexico City, allowing users of this type of service to rent human flesh without having the right to touch it. Americans have also improved and implemented all imaginable types of corruption and have committed almost all the crimes that could be included in well reputed criminal guides.

In addition, the United States has stood out for being a decidedly interventionist nation; there are hardly any people left in the world who, in the name of peace, democracy, freedom, and trade, have not encountered U.S. invaders in one way or another, be it militarily, commercially, touristically, or in the form of advisers on the most varied issues and for the most varied reasons.

Finally, we must not forget that our neighbors, whom we did not choose, eat fried chicken and scrambled eggs with strawberry jam, which undoubtedly means they are historically destined to disappear—which could happen any time. Now, on the other hand, we must recognize that while these things were being done in the United

States, it radicalized the puritanism brought by the founding *pilgrims* perhaps as a logical and necessary response to the moral relaxation I am writing about.

Although there were major historical periods of true discrepancy between the saying and doings of society, authorities, and citizens of the peculiar American nation, as a result of this radicalization, many of its laws and institutions are exemplary and, in many cases, allow its citizens to balance the moral laxity of their social behavior and somehow make it manageable.

We Mexicans just explained to this community, which is used to winning all the time, that this time it is going to lose and that, at least for a while, if they want to do business with us, they will have to purchase everything we make. We will not sell what we will not need, as was their intention until a few days ago in the game called the Free Trade Agreement.

Americans feel cheated because we had promised them a strong and expensive peso that would make the dollar competitive in Mexico to ensure that their products and investments could compete advantageously (not competitively) with our own products. This is how the U.S.-made products were being protected by a kind of "*dumping*" we imposed ourselves against Mexican currency and products, which could in no way compete with the cheap dollar that was being subsidized by Mexican reserves.

Of course they are angry, and they had Serra Puche's head for failing to honor the commitment made by Salinas to keep the peso overvalued to guarantee U.S. profits. All gringo investments are jeopardized by an expensive peso: Who will buy at Walmart if it is cheaper to buy at Gigante? Who is going to import if exporting is better? This situation is possible as long as Mexican industrialists and businessmen do not go crazy with greed and skyrocket prices to make the dollar competitive again, which unfortunately is something that has happened every time we have had such an opportunity when we lost to the irrational voraciousness of our blasted factors of production and trade.

Neither a cheap peso nor inflation will kill us. What is killing us, what killed us in the past, and what will kill us in the future is the economic fiction and abuse committed by white and bearded foreigners who come here to conquer this country already plundered and to barter beads and mirrors for our diminished yet purchasable treasures.

For God's sake, they even sold Michael Jackson to us.

Article on Business, Peasant, Labor Roles in Agreement

PA0501153195 Mexico City REFORMA in Spanish 4 Jan 95 p 29A

[Article by Luis Carriles]

[FBIS Translated Text] The groups which participated in the negotiations for the Agreement of Unity To Overcome the Economic Emergency really got involved in a negotiation, discussed the country's economic situation, received proposals, and analyzed them.

According to a participant in the negotiations, there were times when discussions only involved the businessmen, bankers, and the government, and the peasant and labor representatives did not interfere.

The proposal submitted by Finance Secretary Guillermo Ortiz was presented as definitive, very much in the style of his former boss, Pedro Aspe, with the difference that it provoked mistrust among the participants, so they were more evasive than usual.

Luis German Carcoba, president of the Business Coordinating Council, was interviewed upon conclusion of the meeting yesterday at 0500. He admitted that prices of products with imported materials or component parts will be increased.

The others stuck to the script: "There is certainty" that "the foundations for an economic development are solid"..."it is a structural transition problem," nothing more.

He added: The atmosphere at the meeting was cordial. The workers demanded a direct 5-percent salary increase, freedom to negotiate contractual salaries, and the elimination of salary limits.

Meanwhile, the peasants requested credit support, development programs, and subsidy plans.

The finance secretary, however, listened to other speakers. Orlando Martinez reported the amount of national reserves only to the businessmen and bankers, not to the other signatories, who, in effect, requested the information and only got denials.

In the meantime, a gold Grand Marquis with license plate 743-GPE arrived at the STPS [Labor and Social Welfare Secretariat] building at 0100, while 50 reporters sleepily waited on the first floor.

A blond messenger got out of the automobile carrying an envelope with a pink stamp which clearly read URGENT under the Presidency's letterhead. She went up to the sixth floor of the STPS building and ran out shortly afterwards.

She was asked: Where are you coming from? From the top?

She said: You could say so.

A promise was broken at 0130. The Social Communications Secretariat had announced that "the labor secretary will hold a news conference in 45 minutes;" and the event was postponed three and one-half hours.

"During the hours long meeting, pressure to reach the agreements was exerted on the money and capital asset owners, rather than on the workers or peasants, who, as usual, were forced to yield," the source said.

The rest of the story is well known and it was not until yesterday at 1400 that President Zedillo issued his message and they signed the documents of a negotiation that will go down in history, not only for its duration but because, perhaps, it shows the agreement mechanism, the pact, is reaching its limits.

Time will tell....

Editorial Urges Political, Social Commitment to Reform

PA0501133995 Mexico City LA JORNADA in Spanish 4 Jan 94 p 2

[Editorial: "In Favor of a New Project for the Nation"]

[FBIS Translated Text] President Ernesto Zedillo, in his speech in which he announced that an Agreement of Unity to Overcome the Economic Emergency had been reached, did not just discuss financial issues or strategies to fight inflation but invited everyone to advance in the country's democratic reform and the construction of a general political order.

The relationship between the two subjects is not arbitrary. A working economic formula cannot exist without the support and commitment of all political and social sectors of a country that can no longer be represented by the corporation leaders who signed the various pacts. Such support and commitment should henceforth be negotiated between political and social forces, particularly among political parties. In turn, this requires a democratic framework fully accepted by all participants, equitable electoral laws and processes, government impartiality, fully self-governing electoral organizations, and equal opportunities to vie for power.

In such a scenario, the discussion would revolve around political and economic programs of the various electoral forces, not, as it now happens frequently, around clarifying the significance of the elections distorted by fraud, manipulation, or reports of fraud that are not necessarily well-grounded. It would be less complicated to detect differences and coincidences and, consequently, it would be possible to progress toward basic definitions for the country that we all love. Of course, this would include the most general limitations of the economic policy, limitations that would be respected by any government formula, regardless of its party affiliation.

Summing up, the present political and economic situation requires a broad agreement for a shared country project, a national political pact, all of which requires the "definitive" democratization that Zedillo mentioned in his inauguration speech.

Congress To Debate Transport, Communication Privatization

PA0501165695 Mexico City LA JORNADA in Spanish 4 Jan 95 p 38

[Report by Victor Cardoso]

[FBIS Translated Text] The communications and transport sector's nearly complete separation from state control will have to be debated during the special session that President Ernesto Zedillo will call, although the proposals were drafted during the previous term.

As a result of the private enterprise sector's pressure to increase its participation in various areas, the communications and transport sector will open even further, particularly in subsectors such as railroads that the Constitution has reserved for the state. According to unofficial reports, the first privatizations to result from the economic crisis will be the supply of fuel to railroads and airports, for which entrepreneurs have already made several proposals as part of the privatization program initiated in 1989.

According to Communications and Transport Secretariat [SCT] sources, the debates would specifically focus on increasing contract periods which, in the case of highways, is currently 30 years and can be extended for a similar term. The term would be up to 50 years in the case of ports and airports and could also be extended for a similar number of years. In addition, the Foreign Investment Law would be amended to broaden the participation of foreign businesses in those areas.

If Congress approves the privatization of the Mexican National Railroads [Ferronales], the opening will be based on an analysis made and discussions held during the previous term on the possible legal changes necessary to permit the participation of private enterprise. Among other areas, mention was made of the selective operation of fully-equipped private trains departing from and arriving at private facilities; full operation of private branch lines; construction of new infrastructures for the exclusive use of privately operated high-speed passenger trains; and the financing, construction, and maintenance of new infrastructures to be hired by the parastate enterprise for public services.

In addition, the scheme already proposed at Ferronales contemplates the possibility of private enterprise participating in the direct commercialization of some specific services that require high technology and management capability. This participation would also include gathering and storing goods; renting locomotives; maintenance and repair of signals, external telecommunication services, and data processing equipment; marketing and service aboard first-class passenger trains; diesel refueling areas; weighbridges; major repair of containers; and administration of part of the equipment to be rented to third parties.

Another area where a certain degree of progress has been attained is the airport proposal, whose draft has already been discussed at some SCT and private business circles. The draft proposes granting concessions for up to 50 years and extending them for a similar period for the maintenance of airports and flight management, operation, and information, among others.

It has been reported that, similar to the railroads, proposals and franchise outlines have already been received for the supply of fuel which, together with landing strip operation, is the only area not open to private participation.

Regarding ports, six Integrated Port Authorities [API's] will be added to the 17 already created in response to a request from businessmen. In addition, franchises for specialized privately-owned terminals will be put up for bid. State API's are still to be created in Campeche, Yucatan State (one was created in Puerto Progreso and functions exclusively in this port) and Baja California Sur. The National Tourism Fund has filed a request for the creation of one API specially for Cabo San Lucas. Mexican Petroleum has filed a request to operate the Pajaritos and Dos Bocas terminals, and one more API has been requested the port of Frontera in Tabasco State.

According to the already established scheme, API's can be created in every seaward state to group small ports that have been left out of established administrations. Such has been the case in Sonora, where such an authority was created in Guaymas only.

Telecommunications is one of the sectors most open to private investment and operation. The government could decide to put up for sale the satellite system, made up of the Morelos II and Solidaridad I and II satellites, whose operation, like that of the postal and telegraph services, is reserved for the state according to the Constitution. The rest of the services are exploited by private enterprise.

It only remains to establish the basis for auctioning off the long-distance local and international telephone services, whose privatization is expected to yield more than $12 billion. Those auctions should take place six months ahead of schedule, for which it would be necessary to amend the title dealing with Telephones of Mexico's franchise, which stipulates that this enterprise would provide this service exclusively until 31 December 1966. [Date as published].

Radio and television franchises will continue to be granted insofar as the limitations set by the radio spectrum permits.

Roundup of Economic Developments

PA0201013995

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Mexico monitored through 1 January.

The Mines, Energy, and Parastatal Industry Secretariat announced that Pemex's 1995 investment budget will total more than 13 billion new pesos. This is a 16 percent increase over last year, in terms of new pesos, but in U.S. dollars it represents a decline in investment spending. (Mexico City XEW Television Network in Spanish 0430 GMT 29 Dec 94)

As part of its foreign trade program, the federal government is preparing new economic adjustment measures which consist in cutting crude oil exports by 3.7 percent as of 1 January 1995. The move will be equivalent to withdrawing 50,000 barrels of Mexican crude oil per day from the international market. The decision represents a major shift in Mexico's petroleum policy, since until 1994 the greatest volume of crude produced (51 percent) in the country was destined for clients in the United States, Europe, and the Far East, while the other 49 percent covered domestic consumption. (Mexico City EL FINANCIERO in Spanish 29 Dec 94 p 11)

Mexico sold farming products worth $2.43 billion to the United States during the first eight months of 1994, according to a 1 January report datelined Hermosillo. These figures were released by the National Market Information Service. (Mexico City NOTIMEX in Spanish 2004 GMT 1 Jan 95)

PRD Members Block Access to Tabasco Government Palace

PA0401170995 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 3 Jan 95

[Report by Samuel Prieto Rodriguez; from the "Early Morning" newscast]

[FBIS Translated Text] Supporters of the PRD [Party of the Democratic Revolution] in Tabasco State continue to block access to the Government Palace following Roberto Madrazo's assumption of office as new governor.

It looked as if it would rain any minute. Andres Manuel Lopez Obrador [PRD gubernatorial candidate] organized another meeting in the Villahermosa main square to announce an upcoming meeting in the city of Imccas. Andres Manuel Lopez Obrador was scheduled to hold a meeting at the Government Secretariat office at 1700 on Monday. At noon on Tuesday, he will stage another demonstration at the Plaza de Armas in Tabasco. At that time, the PRD supporters who have been here since last Friday will decide what actions to take regarding what they call a civic resistance against newly installed Governor Roberto Madrazo.

Meanwhile, according to Lopez Obrador, they will not allow any official appointed by the PRI's Madrazo in the Government Palace.

[Begin Lopez Obrador recording, in progress] ...officials not to enter the Legislative Palace, Judicial Palace, or this palace of corruption that one day will be the palace of the people. [end recording]

For the time being, we will have to the for the outcome of Lopez Obrador's negotiations with Government Secretariat officials to learn the disposition of the unhappy PRD members.

Chiapas Congress Rejects PRD 'Self-Appointments'

PA0401173595 Mexico City NOTIMEX in Spanish 0230 GMT 3 Jan 95

[FBIS Translated Text] Tuxtla Gutierrez, 2 Jan (NOTIMEX)—The Chiapas Congress today rejected the "self-appointments" of new authorities in Nicolas Ruiz Municipality, which has been taken over by alleged members of the opposition Party of the Democratic Revolution (PRD).

Local Congress President Francisco Saul Lara has said that the Chiapas legislative branch supports the municipal officials legally appointed by PRI [Institutional Revolutionary Party] Mayor Felix Moreno Gonzalez.

Alleged supporters of Amado Avendano, former PRD gubernatorial candidate in Chiapas, last Sunday imposed Daniel Perez Mendez as mayor in the town of Nicolas Ruiz, approximately 1,000 km southeast of the capital.

The atmosphere is calm in all Chiapas municipalities. Nevertheless, Congress is closely monitoring the situation to appropriately resolve any problem that may arise, Deputy Saul Lara explained.

In the meantime, General Guillermo Martinez, responsible for the Mexican Army outpost in Las Margaritas Municipality, expressed his confidence over the beginning of negotiations in the coming days to attain peace in Chiapas.

The military officer remarked that in spite of this situation, the Mexican Armed Forces will remain alert, even after 6 January, when the truce announced by the Zapatist National Liberation Army (EZLN) ends.

In Las Margaritas, 1,350 km southeast of the country's capital, soldiers are providing social services to the population, particularly to those displaced from their communities by the armed conflict.

According to Martinez, approximately 1,000 people displaced from nearby towns following the EZLN uprising last 1 January live in five shelters in Las Margaritas.

A visit to Las Margaritas, the municipal capital of which was seized by the Zapatists at the outset of the conflict, confirmed that the atmosphere is calm and that people conduct their daily activities without fear.

Government Secretary Eraclio Zepeda Ramos said he trusts that the situation in Chiapas will "disappear" as reconciliation and dialogue begin to emerge.

Former gubernatorial candidate Amado Avendano said last Saturday it is possible that negotiations will begin this week between the armed group and President Ernesto Zedillo's administration.

People's Defense Committee Holds First Congress

PA0601005595 Mexico City LA JORNADA in Spanish 2 Jan 95 p 6

[Report by Victor Ruiz Arrazola]

[FBIS Translated Text] El Rosarito, Zacatepec, Oaxaca State, 1 Jan—The first congress of the People's Defense Committee [Comite de Defensa del Pueblo—Codep] affirmed this weekend it is a peaceful organization struggling for the transformation of the country through all forms, and it recognized the Zapatist National Liberation Army (EZLN) as the only Mexican army, "because the other belongs to the people in power."

The 105 delegates from 47 communities represented at the event agreed "to struggle, orient, lead, and represent all the Indian communities as much as possible to gain venues [instancias] of government and, thus, are alongside the people in their economic, political, and social demands."

Delegates from the Mixtec, Triqui, Amuzga, Tacoate, and Nahua ethnic groups, from the judicial districts of Tlaxiaco, Putla de Guerrero, Nochixtlan, and Juxtlahuaca, participated in the congress. They debated various strategies to strengthen Codep, which henceforth has a new leadership.

The final plenary session appointed the new leaders, who include Federal Deputy Andres Bolanos, Raul Gatica Bautista, Damaso Lopez, Palemon Gregorio, and Yoland Velez.

The resolutions broached the need to consolidate the structure of the people's power within the communities. "That is, we see there is no possibility of maintaining a real struggle or transforming the country if we are incapable of building the power of the people," said Raul Gatica Bautisa of the Codep leadership.

The organization believes "the struggle today is not one of Indians against Indians, young people against young people, mestizos against Indians, nor of villages against villages, because the common enemy is the government and the PRI [Institutional Revolutionary Party]."

Movement Appeals to Zedillo on Peace in Chiapas

PA0501233995 Mexico City LA JORNADA in Spanish 4 Jan 95 p 46

[Text of a letter from Mexico's Movement for Peace With Justice and Dignity to President Ernesto Zedillo issued in Mexico City; date not given—paid advertisement]

[FBIS Translated Text] The Movement for Peace With Justice and Dignity

The People at the Statue of the Angel of Independence
Dr. Ernesto Zedillo Ponce de Leon, President of the United Mexican States.

The fasters of the angel, and others who sign this letter, address you again, because we believe this way is one to fulfill our responsibility of seeking peace in Chiapas. You have a particularly critical part if all Mexicans share in this responsibility.

The government over which you preside is beginning its term with the country on the verge of an economic bankruptcy. You will not have many resources for immediate economic solutions. Consequently, it is urgent that we contribute with political solutions for a real transition to democracy in the country, so that any negotiation on the Chiapas conflict would be credible. You must first establish, however, the necessary conditions so negotiation is possible.

We believe the EZLN [Zapatist National Liberation Army] has already taken a step toward achieving peace with its declaration of a provisional truce up to 6 January. They have already done something as far as actions are concerned. We are waiting for the federal government's reply in similar terms.

Therefore, given the urgency that peace demands, we call upon you and your government to specifically declare a suspension of military operations in Chiapas and the federal Army's immediate pullout, as a sign advocating a dialogue and in-depth negotiation.

To discuss those issues, and based on our constitutional right to an audience, we respectfully ask you to receive us in your Los Pinos residence at 1800 on 5 January. We ask you to issue instructions so that we encounter no mishaps en route.

Activities approved by the 2 January 1994 People's Assembly for Peace

1. A national information campaign. Participate with brigades and white identification badges, in homes and stores, distributing pamphlets, etc.

2. A silent march from the angel to Los Pinos, Thursday 5 January. Departure at 1700. Attend dressed in white.

3. A national fast on 6 January, from 1200 to 0000. Places will be defined in each city. In the Federal District: the Angel, the cathedral, Coyoacan's main square, and the CCH [College of Sciences and Humanities] in Vallejo. (Bring water, honey, candles, and flowers.)

4. People's Assembly for Peace at the Angel, on 7 January at 1700.

Participate in the campaign "Toys for the Children of Chiapas." We will gather at the Angel.

Army Said To Want Peaceful Solution in Chiapas

PA0601023595 Mexico City UNOMASUNO in Spanish 3 Jan 95 pp 1, 8

[Report by Alejandro Benitez]

[FBIS Translated Text] San Cristobal de las Casas, Chiapas, 2 Jan—Army Commander Guillermo Martinez Nolasco has affirmed the Mexican Army wants a peaceful solution in Chiapas and a prompt reinitiation of the dialogue. Meanwhile, the Clandestine Indian Revolutionary Committee-General Command of the Zapatist National Liberation Army [CCRI-CG of the EZLN] has stated it will sit at the negotiations table if this is what the Zapatist rank and file decide to do; otherwise, nobody will be able to stop the war. In addition, neither the government nor the Mexican Army can force them to engage in a dialogue.

The truce ends on 6 January. EZLN units were only seven km away from a Mexican Army control post, in a San Andres Larrainzar community, today.

Commander Martinez Nolasco, who is in charge of the military detachment assigned to Las Margaritas Municipality, the main site of last year's uprising, has said despite the truce declared by the EZLN, we remain alert and trust in nothing. He has said, however, he wishes suitable conditions for a peace producing dialogue.

Interviewed at Las Margaritas Municipality, Martinez has said the Army is also providing primary social assistance, particularly medical assistance, in addition to routine work to guarantee the people's security.

In San Andres Larrainzar Municipality, CCRI Commander David, who was accompanied by three other CCRI commanders, cautioned in front of reporters he expects there will be either government recognition for Amado Avendano Figueroa as Chiapas governor or a proposal in this regard by the Democratic National Convention [CND] during the truce period. The ultimate option would be the EZLN acting on its own and initiating the war.

We continue to wait for the government to exhibit the political will to resolve the demands of the EZLN, and if we sit at the negotiations table, it would be because the rank and file and the people want to, but war will be waged if they were to order us not to talk.

A few minutes before granting the interview, Commander David received a caravan with CND representatives who took food, medicine, clothes, shoes, and toys to that community. David was accompanied by Commanders Moises, Jeronimo, and Daniel.

Commander David recalled in his welcome speech the 10 years of preparation that preceded the 1 January 1994 actions. He then spoke of the federal government's skepticism and failure to admit there are Zapatists everywhere. He has said: "There are thousands of companeros in every town. What happens is that the Mexican Army walks above us without noticing us."

Commander David has said in that community 30 km away from San Cristobal de las Casas and seven km away from a military checkpoint the people and the Zapatists are the same thing, and it would be difficult to set them apart for this reason. There also were present 50 armed Zapatists who helped unload the provisions and toys brought from Mexico City to members of the EZLN.

Demands by the Democratic National Convention

During a news conference this evening, representatives of the CND informed they met with members of the National Mediation Commission (Conai) to request that it tell the government of its condition to resume the dialogues if the federal government withdraws its troops; otherwise, the government will get nothing more than the truce established by the rebel group, let alone a definitive peace agreement.

This group of representatives of the CND, headed by Carlota Batey, also denounced the excessive use of military forces in the entire state, particularly near the border with Guatemala. They also have said the armed institution with its social assistance activities is actually exercising extreme surveillance.

They said during the tours they conducted that the CND representatives have promised they would invite the media, but they convened a news conference on behalf of Conai.

EZLN Concerned by Army Forays

PA0501210895 Mexico City LA JORNADA in Spanish 4 Jan 95 p 15

[Report by Alonso Urrutia and Jose Gil Olmos]

[FBIS Translated Text] San Andres Larrainzar, Chiapas, 3 Jan—Yesterday there were hundreds of people, but today it is a deserted community. A few hours earlier, Zapatists and civilians alike had left town. The reason: A military convoy was 1 km away, approaching with the pretense of delivering supplies, but—the Zapatists maintained—with the objective of combing the territory where tens of militiamen had appeared.

Five minutes away, in the Zapatist communities of Tibo and Sajalo, soldiers were delivering supplies only 24 hours before the arrival of the Caravan for Peace With Justice and Dignity. The military convoy included three personnel carriers—this time carrying journalists—and three armored vehicles.

Commander Javier, who is a member of the Clandestine Indian Revolutionary Committee (CCRI) of the Zapatist National Liberation Army (EZLN), said: "They are getting too deep into our territory. They do not see us, but they are now being surrounded." His colleague, Moises, also commented but varied his tone of voice with the emphasis of a Zapatist rebel: "As revolutionaries, we are honoring the commitment to respect the truce, and we will fully honor it. We will not respond to these provocations, but the Army is getting too deep..."

This is the third Army foray into the communities adjacent to the municipal country seat of San Andres Larrainzar, which has been called San Andres Sacamch of the Poor since the 19 December Zapatist mobilization.

On those three occasions, the forays were an immediate reaction to the EZLN's public appearances. Only 24 hours earlier, the sympathy of the people of this community for the Zapatists was demonstrated through shouts in support of the EZLN, a Zapatist military rally, and the community's mass appearance at this political and military event.

At noon today, civilians were ordered to evacuate the town in view of the imminent arrival of the Mexican Army, which brought its hunting dogs the last time it was here. Tens of women and children hurriedly left the community in fear of the arrival of military personnel.

Peasants also left Tibo and Sajalo because of the military mobilization. Four helicopters and military vehicles arrived in the communities, delivering supplies in an attempt to alleviate fears about the military presence.

The Army's visit, military spokesmen explained, is part of the "social service" troops are performing with the approval of civilians. The Army is trying to meet some of the people's demands for medical attention and food supply.

In the opinion of Commander Javier, the military presence constitutes a provocation. "They refuse to respect Zapatist turf," he insisted. Only yesterday I warned about this; today I confirm it. He asserted that the EZLN General Command ordered that the truce be observed and clashes and provocations prevented. The instructions, he added, are to "deploy" the troops. He reported that the arrival of the Army in Tibo and Sajalo is intended "to take advantage of our ignorance." Some accepted the supplies. He believes they were unaware of the orders. "They refuse to realize it, but they (the military men) are surrounded; however, we were ordered not to break the truce. These communities are Zapatist. They pass in front of us, and they do not realize it; we pass in front of them, and they do not realize it either."

People remain fearful, he emphasized; people are afraid, and that is why the evacuation was ordered. In a small house, a handful of militiamen carrying neither weapons nor uniforms attest to this. They are dressed in plain clothes with only balaclavas to give away their Zapatist identity.

Why does the government want us to leave? "We were born here, we live here, we suffer here... we are people, we are Indians, we are peasants. We know how to work and make the land produce," Javier said. He stressed the EZLN's willingness to hold talks but warned: "The talks are going to be difficult given these forays."

"We do not want to kill or die. Things are not as we would like them to be, but the government is demanding a war stronger than last year's," he added.

Meanwhile, Moises said the Army's gifts to the people are intended only to get them accustomed to the military presence. Further on, he maintained that the government wants to force them to wage a war. "We do not fear the war; we will suffer in it. The war is not to be taken lightly; it is not a game. War is war," he concluded.

Guatemala

De Leon Proposes Signing of Peace Accord Accord to UN

PA0501222395 Guatemala City SIGLO VEINTIUNO in Spanish 4 Jan 95 p 3

[Report by Carlos Canteo]

[FBIS Translated Text] Following the UN ultimatum to the government and the URNG [Guatemalan National Revolutionary Unity], President Ramiro De Leon Carpio has sent a reply to UN Secretary General Butrus Butrus-Ghali proposing the signing of an agreement with the subversives on 24 February 1995, as confirmed by a copy of the reply acquired by SIGLO VEINTIUNO.

The Guatemalan president explains in the letter his proposal to Butrus-Ghali and suggests the government and the URNG could meet on 16 and 17 January to finalize an approval of UN Draft No. 2 on the Indian issue as well as to sign an agreement.

The president has reiterated to Butrus-Ghali his conviction the Indian issue has been completely discussed, and he contends the URNG has requested additional time to study the document so as to find faults and to reopen the debate.

In addition, the government has proposed the parties could discuss between 18 and 22 January the socioeconomic and agrarian controversy, the strengthening of civilian authority, and the military's role in a democratic society. The president also has proposed the signing of an agreement that would include the opinions of all sides.

The government would be willing between 23 January-3 February to discuss the conditions to incorporate the URNG into civilian life and arrangements for a definite cease-fire. A cease-fire agreement that included UN verification would also be signed at the same time.

The issues of constitutional and electoral system reforms and a calendar for the compliance and verification of the agreements would be discussed from 13-17 February and would end with a signing ceremony on the 24th of the month.

SIGLO VEINTIUNO has attempted to contact URNG members in Mexico to learn their position on the note, but all attempts were fruitless.

Peso Devaluation To Boost Trade Deficit With Mexico

PA0601032895 Panama City ACAN in Spanish 0044 GMT 6 Jan 95

[FBIS Translated Text] Guatemala City, 5 Jan (ACAN-EFE)—Official sources reported today that Guatemala's trade deficit with Mexico will increase by at least $100 million because of the recent devaluation of the Mexican peso.

Willy Zapata, president of the Central Bank of Guatemala, explained that the financial crisis in the neighboring country, which was triggered by the devaluation of the peso on 20 December, will reduce the prices of Mexican products. In turn, Zapata added, Guatemala will import more Mexican products and the gap in the trade balance, which has historically favored the northern country, will increase.

Nevertheless, Guatemalan private sector sources believe that the impact of the Mexican crisis on the Guatemalan economy will only be temporary. According to reports from the Social Studies and Investigations Association, Guatemala exports $47 million in products to Mexico and it imports $130 million.

Honduras

Reina Views Polls, Spanish Minister, Issues

PA0601011395 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 3 Jan 95

[Report by Roberto Reyes Pineda; from "The Morning Paper" newscast—passages within quotation marks are recorded]

[FBIS Translated Text] Upon returning to the country, President Carlos Roberto Reina has said: The latest polls on my government are part of a systematic campaign to discredit and harass. After questioning the seriousness and credibility of these polls, the Honduran president confirmed Spanish Prime Minister Felipe Gonzalez will visit the country on 15 February.

He discussed issues of national interest and insisted the country's economic situation will be encouraging in 1995.

The president questioned the credibility of recent polls and attributed them to systematic actions aimed at hurting him and staining his image. The president has said the Spanish prime minister will be in Honduras on 15 and 16 February. He did not say what issues will be discussed, but it is a known fact Spain is financing several development projects in Honduras.

Regarding the polls, the chief of state has said:

[Reina] "The best polls are election results, the kind of poll in which I believe. I have a firm, popular mandate. The opposition's reaction is political. The opposition wants to harass the president; it wants to smear my image. We are going to return to the days when polls were serious, unbiased. I believe the best polls are the government's performance. We are fully dedicating ourselves to the cause of a people who want compliance with campaign promises, a moral revolution, the modernization of the state, an honest administration, cordial relations among all state institutions, voluntary military service, everything we have done during a year of crisis. Putting an end to the energy crisis was an outstanding achievement. I believe the people will not reward us for doing so by condemning us."

The president has spoken about true polls. What are true polls? What mechanisms will be used?

[Reina] "Poll mechanisms."

The Spanish prime minister will officially visit Honduras on 15 and 16 February, an announcement which the president himself has made. He has described this event as a good opportunity to strengthen further our relations with the motherland:

[Reina] "Spanish Prime Minister Felipe Gonzalez will visit Honduras on 15 and 16 February. This visit had been announced for some time. We will have the great honor of strengthening further, if possible, our relations with the motherland."

Honduras became part of the UN Security Council as a nonpermanent member at the beginning of this year. It will chair the Council in June. It has been said Honduran Foreign Minister Ernesto Paz Aguilar will represent Honduras at that organization. I have asked the president how true this information is and what will be the function of the individual who had been assigned to that post:

[Reina] "The UN Security Council is the world's executive branch. There is the UN General Assembly, The Hague Court, and the Security Council. Honduras is part of the Security Council for the first time in 50 years. The ambassador to the United Nations, as head of the delegation, becomes the country's representative at this Council. Due to the importance of this moment, there had been plans for the chiefs of state of the 15 members of the Security Council to hold a meeting on 31 January, but this meeting has been postponed for reasons I ignore. There will be no chiefs of state meeting, but foreign ministers at the Security Council could meet.

"Forming part of the Security Council is like opening a new embassy due to all the work it implies. We have to double personnel, and expenditures double. We have to participate in all the discussions on all world policy problems. Honduras will be there to state its opinion. The head of our UN mission, Martinez Blanco, will represent Honduras at the UN Security Council. We have not thought about any other person, although the foreign minister could participate in certain important discussions."

One of the issues most discussed nationwide is the growing crime rate in the country, especially in recent years. The president was asked about measures the government will implement together with the police and the judicial apparatus. The president was emphatic in saying the death penalty will not be reinstated in the country:

[Reina] "I have been shocked by the level of violence in the United States at the end of the year, and the death penalty exists there, and they have money and have an incredibly efficient police force, meaning the death penalty does not prevent crime. Honduras cannot impose the death penalty, because Honduras is part of the San Jose Pact, which establishes that countries that have banned the death penalty cannot reinstate it. Honduras could denounce the treaty and withdraw from human rights commitments, but the country would look bad in the eyes of the world.

"It is not true there is less violence in countries where the death penalty exists. I am asking the young people to understand this point. We do have to fight the roots, the causes of violence. What are these roots? Drug abuse is one. I have seen on U.S. television appalling images of what young people are capable of doing under the influence of or because of the need for drugs. Poor human beings who have been hooked on the drugs vortex will continue to commit senseless crimes. Certain young people have gone past cafeterias and shot at them for no reason; this point has nothing to do with the death penalty, the lack of money. We are talking about the world's richest country.

"When I say this statement, some may believe I am trying to justify violence. No. I am just trying to see that all facts are considered and that not only the punitive aspect is examined. This aspect is important, but it is not the most important. As I see it, the causes of violence are, basically, the disintegration of homes, where children do not talk with their parents, where young people act based on street rules, which are quite tough, where religion is outmoded.

"The pope has said: Do not be afraid of defending just causes. I believe this phrase has turned the pope into the most important leader in today's world and one of the most important of all times."

Nicaragua

Foreign Minister on Republican Majority in U.S. Congress

PA0601040895 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 5 Jan 95

[Report by Milviana Herez; from the "National Newscast"—passages within quotations are recorded]

[FBIS Translated Text] Nicaraguan Foreign Minister Ernesto Leal has said the fact there is a Republican majority in the U.S. Congress will not negatively affect our relations with that country:

[Leal] "We believe the Congress and Senate will continue to back President Clinton's administration regarding its backing of democracy in Nicaragua. The U.S. contribution to the democratization process is truly important, and we are confident it will not be suspended or negatively affected in the least. We are even confident the Democrats and Republicans will reach bipartisan agreements to consolidate and make irreversible the democratic process initiated by Violeta Barrios de Chamorro in 1990."

He added they look forward to this bipartisan agreement so as to ensure the U.S. financial aid to Nicaragua will not be negatively affected:

[Leal] "It would be a majority agreement by which the U.S. Congress and Senate, together with the administration, decide to continue backing this democratic process. We believe it would be a mistake to suspend aid to Nicaragua. We believe it would be a mistake, because our democratic process, our democracy is quite fragile. It is as a newborn babe, and we have to take care of it accordingly. We have to take care of it, and, as Nicaraguans are doing, we have to develop and guide it."

Several National Assembly deputies have expressed their concern over the new changes in the U.S. Congress and the possibility they will negatively affect democracy in our country:

[Deputy Alejandro Perez Arevalo, of the Central-American Integration Party] "I believe Mr. Helms is a man who is quite tough with Nicaragua, especially [words indistinct] Sandinist.

[Deputy Edmundo Castillo of the National Conservative Party] "I have a good friendship with my colleague, Jesse Helms, and know his positions are quite clear and firm. One of his arguments is that the large amounts of aid given to Latin American countries, particularly to Nicaragua, have not yielded the right results."

President Chamorro's government is optimistic, however, and believes relations between both countries will continue to be cordial.

Economy Ministry Monitoring Effects of Mexican Peso

PA0501211395 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 5 Jan 95

[Report by Vilma Estrada; from the "National Newscast"]

[FBIS Translated Text] Nicaraguan exports to Mexico could be hurt by the Mexican peso's 60-percent devaluation, which could make our exports more costly and flood the domestic market with low-priced Mexican products.

[Begin Deputy Economy Minister Eduardo Belli recording] Nicaragua will closely monitor the negotiations on the free trade agreement with Mexico and its effect on trade. The agreement includes a special safeguard provision to prevent trade from being damaged by changes in the monetary policy of the countries involved. [end recording]

This safeguard provision makes it possible to offset changes in the monetary policies of the two countries. Nicaragua exports to Mexico nearly $12 million in goods and imports some $20 million. Nicaragua's leading export products are beef and peanuts, followed by fishing products.

[Begin Belli recording] Our exports to Mexico could be harmed to a certain extent because the prices of our products in the Mexican market would rise and, consequently, demand would decline. For example, Nicaraguan beef is more expensive in the Mexican market. Consequently, Mexican consumers will surely prefer Mexican beef because it is priced lower. [end recording]

The Economy Ministry is reviewing the potential impact of the peso's devaluation on Mexico's trade with Nicaragua.

Presidency Denies Plans to Hinder Assembly

PA0601041395 Managua LA PRENSA in Spanish 4 Jan 95 p 2

[FBIS Translated Text] Via a communique issued yesterday, the Presidency has denied that it plans to block the normal operations at the National Assembly.

In the communique, the Presidency reiterates its wish for all Nicaraguans to have a new constitution soon to help strengthen peace, democracy, and progress.

"The president of the Republic, as head of the executive branch, will work in the most harmonious way possible with the National Assembly's Board of Directors that is to be elected on 9 January. It is expected that the 92 deputies will choose legislative leaders with the same constructive attitude," it emphasized.

EPS Announces Death of Recontra Leader

PA0601040695 Managua BARRICADA in Spanish 5 Jan 95 pp 1, 13

[Report by Juan Carlos Sarmiento]

[FBIS Translated Excerpt] Matagalpa—He killed 73 peasants, destroyed 15 vehicles, torched four farms, kidnapped eight farmers, and raped two girls. This is the list of the crimes perpetrated by Nortiel [Pablo Garcia Castro] who was killed in a skirmish with the Army on the afternoon of 1 January in Bocay.

At a news conference yesterday, EPS [Sandinist People's Army] spokesman Ricardo Wheelock; 6th Command chief Rodrigo Gonzalez; and Lieutenant Colonel Cesar Delgadillo, chief of the Benjamin Zeledon Tactical Group, confirmed the death of the recontra leader and displayed his scope-equipped M-16 rifle, a dagger, a chain, and a video in which his corpse was shown.

On 17 October 1991, Pablo Garcia Castro, alias Nortiel, 40, and a Waslala native, killed Dr. Martin Condega Villareal, who was doing social service at the Waslala

Hospital. He also killed Deputy Wiwili Mayor Xavier Barahona in early 1994. The end of this recontra chieftain came as a result of the operations the army began on 10 October. Since then, 24 recontras and armed criminals have been killed in Regions 1 and 6. Also killed in this period were four soldiers of the Tactical Combat Group, whose names have not been released. [passage omitted]

Panama

Minister: Entry Into WTO 'Necessary'

PA0601010395 Panama City EL SIGLO in Spanish 4 Jan 95 p 44

[Report by Yuriela Sagel]

[FBIS Translated Text] Panama's entry into the World Trade Organization [WTO] is necessary for the country to have a solid foundation for negotiating with other world trade markets, Guillermo Chapman, the Panamanian planning and economic policy minister, said yesterday.

Chapman said the WTO, which succeeds GATT, will govern world trade and make GATT agreements permanent. He said Panama must join the WTO, because this is a step that precedes establishing broader commercial agreements with other countries and obtaining certain direct economic benefits.

The country's production sectors and authorities are discussing the counterproposal they will present during the second round of talks to be held in Washington next month. No specific proposal has been selected so far, but local talks will be completed on 15 January, Chapman said.

Panama will resume talks on 6 February for its entry into the WTO, together with Australia, Japan, Switzerland, and other European countries. The negotiations will be held in Geneva, seat of the WTO head office, and the same mechanism used for the talks with United States will be used here.

Panama will negotiate with the United States on 15 February, but not without sending a counterproposal with the subjects to be discussed.

The negotiations for Panama's entry into GATT started in November, when the United States requested the ceiling of most of the tariffs be reduced to no higher than 15 percent.

Argentina

Vice Foreign Minister Minimizes Possible Falklands Conflict

PY0501115795 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2114 GMT 4 Jan 95

[FBIS Translated Text] Buenos Aires, 4 Jan (NA) — Vice Foreign Minister Fernando Petrella stated today that Argentina has to carry out "more patrols" in the maritime zone called the "gap," which is located to the north of the Malvinas Islands, although he minimized the possibility of eventual confrontations with British vessels in that zone.

"Although an irritating situation exists, which was outlined by the foreign minister (Guido Di Tella), it would be extremely difficult and very improbable for a violent incident to occur," Petrella stressed, in referring to possible confrontations in that zone.

The "gap" ("breach," in English) is an area of 1,400 square kilometers located to the north of the Malvinas Islands, which the British Government decided to unilaterally add to its fishing control zone.

Di Tella acknowledged that the decision has converted the "gap" into a "focal point of tension," where, as the minister explained, confrontations between Argentine and British vessels could occur because the two countries patrol the area to control illegal fishing.

Although he admitted that there is an atmosphere of conflict in that zone, Petrella stressed that "any possibility of an incident" with Great Britain "must be minimized."

"We are two democracies talking to each other. There is very direct dialogue between the British and Argentine Foreign Ministries, and this generates a security network that makes new incidents improbable," the official stressed in remarks to a radio station.

He also highlighted the fact that due to the appearance of vessels that carry out clandestine fishing, Argentina "should increase the number of its patrols."

On 3 January, Di Tella stressed that "a potential conflict situation exists" in that zone.

Petrella stressed that "there is concrete progress in relations between Great Britain and Argentina, but there must be negotiations in which the claim over the islands is discussed."

Regarding the "gap," President Carlos Menem on 3 January minimized the problem in stressing that the patrols carried out by the two countries in the waters surrounding the Malvinas Islands "are not going to harm or tarnish relations between Great Britain and Argentina; to the contrary."

Ukrainian Deputy Prime Minister Visits; Signs Protocol

PY0501132795 Buenos Aires TELAM in Spanish 2231 GMT 4 Jan 95

[FBIS Translated Text] Buenos Aires, 4 Jan (TELAM)—Argentina and Ukraine today signed a cooperation protocol in which they commit themselves to maintaining consultations at the level of foreign ministries on political matters that will contribute to the consolidation of international peace.

The protocol establishes that the two countries will exchange opinions "in order to facilitate the implementation of foreign policy decisions that are directed at the preservation of international peace and security."

The document was signed in the Golden Room of San Martin Palace by Guillermo Gonzalez, foreign policy under secretary, and Boris Tarasluk, Ukrainian deputy prime minister.

The two countries promise to consolidate "the collective security system contained in the UN Charter" and to work for "peaceful solutions to international conflicts, economic development, and world trade."

Tarasluk, who arrived last night in Buenos Aires on an official visit, held a work meeting with Gonzalez at the Foreign Ministry, and after the signing of the protocol he was given a lunch at the Alvear Palace Hotel.

Prior to these activities the Ukrainian deputy prime minister greeted Florencio Acenolaza, president of the Foreign Relations Committee of the Chamber of Deputies, and during the afternoon he met with Carlos Sanchez, vice economy minister, at the Finance Ministry.

Tarasluk also met with Jorge Baeza, secretary for military affairs at the Defense Ministry, and tonight he will conclude his official activities with a meeting with the members of the Ukrainian community at the Ukrainian Embassy.

On 5 January Tarasluk will travel to Santiago, Chile, continuing his visits to the countries of the region.

Economy Minister, Officials Meet, Discuss Market Situation

PY0501130495 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0006 GMT 5 Jan 95

[FBIS Translated Text] Buenos Aires, 4 Jan (NA)—Economy Minister Domingo Cavallo, Central Bank President Roque Fernandez, and Banks, Finance, and Insurance Secretary Roque Maccarone met tonight to evaluate the situation of the markets.

In brief remarks at the end of the meeting, Maccarone reported that "there are some liquidity problems that are now being resolved," but denied that any bank organization had requested financial help from the Central Bank.

Fernandez left the meeting and eluded the media.

The unexpected meeting lasted until the early hours of the evening, when information about the decline in the Mexican, Chilean, Brazilian, and Buenos Aires markets was already known.

Prices on the Buenos Aires Stock Exchange reflected an important decline, despite the fact that on 3 January Cavallo had considered the prices of shares and bonds on the local market "cheap."

This word was used implicitly as an incentive to purchase shares and bonds, but today it had no effect on the Stock Exchange.

Bolivia

Foreign Ministry Issues Communique on U.S. Embassy Charges

PY0501165095 La Paz Radio Cadena Nacional in Spanish 1100 GMT 5 Jan 95

[FBIS Translated Text] As the Foreign Ministry was about to close last night, it had the courage to release a communique on the aggressive comments of the U.S. Embassy.

The official communique states that the Foreign Ministry sent a note to the U.S. Embassy expressing its concern over the public comment made by U.S. Embassy Charge d'Affaires David Dlouhy, who without documented evidence and without giving names accused two Supreme Court justices of having received bribes from Colonel Faustino Rico Toro in order to have his extradition denied.

The Foreign Ministry demanded the presentation of evidence, and warned that a decision on the legal process against the former commander of the Special Antinarcotics Force is the sole responsibility of the Bolivian judicial branch.

Supreme Court Responds

PY0501182195 La Paz Television Nacional Network in Spanish 1700 GMT 5 Jan 95

[Telephone relay by correspondent Rodolfo Mier from Sucre]

[FBIS Translated Text] At noon today Supreme Court President Gualberto Davalos Garcia released to the media the text of the letter he sent to the Foreign Ministry in relation to the charges made by U.S. Embassy Charge d'Affaires David Dlouhy.

The main part of the letter states that the Supreme Court expresses its protest over the offensive remarks against the Supreme Court, as these hurt the country's image in the international community. It also notes the additional aggravation that the diplomatic regulations on the conduct of foreign missions, which set the norms for courtesy concerning any claim that should be channeled through the Foreign Ministry, have not been observed.

The note also says that this irregular and arrogant attitude implies open interference in the internal affairs of the country in its sovereign right to exercise its constitutional Supreme Court mandate. The note adds that under other circumstances this unjustified insult to the image of the judicial branch, which is also an affront to Bolivian sovereignty, would have led to the immediate expulsion of the offender from the national territory.

I will expand this information, due to its importance, during our newscast later tonight.

Foreign Ministry: Incident 'Closed'

PY0601003595 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 5 Jan 95

[FBIS Translated Text] The U.S. Embassy has apologized for offending the Bolivian Supreme Court. In a letter addressed to Foreign Minister Antonio Aranibar Quiroga, U.S. Ambassador Kurtis Kamman states that the U.S. Embassy will not put forth any evidence but that it admits there have been excesses.

Foreign Ministry International Relations Secretary Jaime Aparicio has confirmed this report.

[Begin Aparicio recording] We have received a U.S. Embassy note. The Foreign Ministry believes this note is satisfactory. Furthermore, I believe, it allows us to continue advancing in our bilateral ties at the different levels on the basis of mutual respect and the upholding of the sovereign rights of our two countries.

I believe that we have achieved progress in this regard. The United States has expressed its regret over this incident and asserted that it has no intention of interfering in Bolivian domestic affairs, much less in the affairs of one of the government branches. [end recording]

According to Aparicio, the Foreign Ministry communique compelled the U.S. Embassy to rectify its attitude. The embassy note has been interpreted as an official apology.

In view of Kamman's letter, and so as not to hinder U.S.-Bolivian ties, the Foreign Ministry considers the issue closed. The desperate U.S. effort to extradite antidrug Colonel Faustino Rico Toro compelled a U.S. Embassy official to make charges against the Bolivian Supreme Court.

Migration Trends Described, Evaluated

95P20339

[FBIS Media Note] Bolivia's migration trends were investigated by La Paz PRESENCIA and the results, published on 4 December, revealed that:

In the last 20 years, 2 million Bolivians have left the country, and the emigration trend is increasing. Considering that the country's current population is only 7 million, PRESENCIA described these figures as "alarming."

Internal migration figures were also "mind-boggling and shocking." According to the investigators, internal migration led to unemployment, culture shock, loss of identity and family disintegration.

The status of foreign illegal immigrants, especially Peruvians, was precarious.

Emigration Figures

Victoria Baldivieso, under secretary of migration in the Ministry of Government, said that although 39,000 people officially leave Bolivia each month and 35,000 people officially enter, in reality "more people enter than leave." The "exact figures" are unknown, he said, because of "the undocumented status" of many migrants. Roberto Pablo Quisbert, head of the Episcopal Commission's Pastoral for Migration, said that Argentina, Chile and Brazil were destinations for many migrant workers from the border departments of Sucre, Cochabamba, and Potosi. He added that in 1991 800,000 Bolivian emigrants were registered in Argentina, but the numbers in Chile and Brazil were not known. Venezuela and the United States also received high numbers of Bolivian emigrants, Quisbert reported.

Internal Migration

Quisbert explained that internal migration from the countryside to cities was increasing because the economic reform measures taken by governments in the last 10 years created extreme poverty especially in rural areas. According to the PRESENCIA investigation, the recurring drought also has forced peasants off the land. Some of the regions registering large-scale internal migration were:

Northern Potosi—Since the 1970's, northern Potosi, one of the Bolivia's most depressed regions, has become a land of "nomads," whose subsistence farmers plant crops, leave them to "roam the country in search of work," and then return at harvest time. The Chapare in Cochabamba Department is a preferred destination because approximately 30-40 bolivianos a day can be earned in the coca maceration pits. (One dollar is roughly equivalent to 4.7 bolivianos.)

La Paz—"Ghettos" of peasant migrants have sprung up in eastern La Paz in the last 10 years. According to PRESENCTA, these communities called "villas" harbor up to 100,000 inhabitants mainly from the altiplano, the Yungas, and depressed mining towns. Peasant migrants to La Paz enter the informal economy as street vendors, shamans, and traditional healers. The daily reported that the migrants insist that life in the city is better than in the country.

El Alto—This satellite city of La Paz has the highest migration and poverty rates in Latin America, PRESENCIA reported. Mayor Flavio Clavijo pointed out that 60 percent of its inhabitants came from rural areas of the altiplano, 20 percent are relocated miners, and 20 percent came from La Paz city itself. He described El Alto as a "time bomb, noting that the city's population is projected to reach a million by the end of the decade.

Cochabamba Department—In the last few decades, the Sacabe- Cochabamba—Quillacollo metropolitan area has received an average of 10,000 immigrants per year and is growing at a rate of 4.32 percent per year. From 1987 to 1992 alone, 135,000 people migrated to the city because of drought, floods, and economic depression in mining towns. With a population of close to 600,000, metropolitan Cochabamba currently contains 89 percent of the department's urban population, according to the 1992 census. PRESENCIA reported that other areas in the department receiving a large influx of migrants were Chapare and Carrasco Provinces. For example, Villa Tunari in Chapare province, with a growth rate of 7.19 percent; its population has increased from 17,620 inhabitants to 50,175 in the last 20 years. On the other hand, continued the daily, many provinces in Cochabamba Department were registering negative population growth. One such case is Arque Province, whose population has decreased to a third of what it was 20 years ago.

Peruvian Immigrants

Church official Pablo Quisbert stated that in the past eight years about 500 political refugees, mainly Peruvian, have immigrated to Bolivia. Some, he admitted, could be former members of Shining Path, as well as those fleeing its violence. Tmmigrants seeking political asylum who carry a letter of recommendation from the Peruvian Human Rights Coordinator or from the Peruvian Catholic Committee for Migration are received as refugees. Others join the ranks of illegals and, according to PRESENCIA, are subject to harassment by police and immigration authorities. Quisbert said that Bolivians have traditionally rejected Peruvian immigrants. "There are no personal guarantees for them, nor respect for their human rights," he said, adding that his organization was helping them deal with the authorities to obtain proper documentation.

Peruvian Gonsul Carlos Polo Castaneda asserted in the same PRESENCIA report that the image of Peruvians in Bolivia was "distorted," and denied the popular view that they enter Bolivia mainly for criminal purposes. He said that 5,000 Peruvians were registered with the consulate and that the colony included many businessmen working in La Paz, Santa Cruz, and Cochabamba, most having chosen Bolivia because of its "improving economy."

Brazil

International Accord on Parana River Approved

PY0501163195 Montevideo EL PAIS in Spanish 26 Dec 94 p 1

[FBIS Translated Text] The waterway going from Nueva Palmira [Uruguay] to Puerto Caceres [Brazil] has been a reality for some time now due to the ever-increasing movement of cargo along the Uruguay and Parana Rivers. The waterway has now achieved the legal spectrum that it lacked: The Brazilian Congress has approved the River Transport Agreement containing the rules and regulations for this five-country integration mechanism.

Brazil was the last country to approve and sign the agreement. Bolivia was the first to ratify the document, followed by Uruguay, Paraguay, and Argentina.

The agreement will go into effect 90 days after it is promulgated by the Brazilian president. At that time other rules and regulations will go into effect pertaining to pilots, customs matters, cargo, and navigational security.

A large number of the rules and regulations have already been implemented, thus advancing significantly the time when the agreement can go into effect. There are still a few details to be ironed out regarding the rules and regulations for pilots.

The private sector has a significant participation on the waterway, as demonstrated by the $200 million that has been invested over the past 5 years.

Article Views Future of Workers Party, Need to 'Redefine'

PY0501105595 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 31 Dec 94 p A2

[Article by Jose Genoino, Workers Party deputy from Sao Paulo]

[FBIS Translated Text] The PT [Workers Party] needs to redefine itself following Lula's [Luiz Inacio da Silva] defeat in the presidential race. Three questions are being raised in internal debates, questions that will probably polarize all disputes next year. The first question deals with the party position before Fernando Henrique Cardoso's administration and the party agenda and proposals to the country. The second question deals with programmatic discussions and the party's strategic prospects, that is, what type of project will the PT propose to the people and what are its relations with socialism. The third question refers to PT organizational problems.

In this article I will only discuss the second question. After the collapse of socialism the world witnessed the consolidation of a victorious political project, which in essence was a liberal project. This project has some characteristics. They include representative democracy as a form of political organization, an economy oriented to the market and to encourage competitiveness and efficiency, a tendency toward economic globalization, liberalization of commercial relations, and the creation of regional commercial blocks. The development of this project is also intensely dependent on automation and high technology. This model seeks to drastically reduce the state participation in the economy. The state increasingly assumes the function of coordinating markets, from the internal as well as the external point of view, and turns its attention to questions of security and social policies.

This new liberal revolution, while producing positive results on several fronts, has not resolved some old problems, and it has generated some new ones. The big questions that today's hegemonic project does not face refer to hunger; poverty; international apartheid; the problem of growing unemployment provoked by state rationalization processes, the market, and the advent of new technologies; the problem of financing social policies with their increasingly acute demands; and, finally, the problem of democracy understood in its broadest sense, or:

- Democracy in the political sphere, its relations with citizens or citizens' increasing participation in the decision-making process and society's control of the state;
- Democracy in the social sphere, in the sense of guaranteeing social rights and people's well-being and allowing individuals' participation in decisions affecting them in society;
- Democracy as an economic problem, which refers to the democratization of wealth and property.

In this scenario, the PT's main problem is to define a project capable of dealing with concrete social problems today. It must be a project of deep reforms to be implemented within what is defined conceptually as a capitalist society. In order to face the dilemmas of today's society, the PT must have the goal of strengthening democracy. Without denying pluralism, the PT must use ideas from its political experience and the values of democratic socialism, such as freedom, equality, social justice, human rights, etc. It is necessary to understand that it is not a matter of presenting a new model of a utopian society different from today's society or a conceptual definition of socialism. The discussion of a new model would be sterile from the point of view of promoting the party and would only lead to internal sectarianism.

The PT, therefore, must start with society as it is today, with its problems and challenges. The PT must define a program to face them. The PT has ideal values regulating its attitudes, but it must consider that the world today is a world deeply pluralized in all respects. It is pluralized in its customs, ethical values, production methods, cultures, ethnic composition, religious beliefs, social stratifications, societal organization forms, etc. There are no schools in these aspects: The party is part, whether it likes it or not, of this plurality. Modern pluralist societies have some essential values that have become universal through historical experiences. They are values such as democracy, freedom, human rights, market economy, etc. Considering this reality, party goals must be temporary and limited in time. The victory of liberalism does not, in effect, represent the end of the story. But it is no longer possible to think that there is a definitive port of call for history in the future.

Within this framework, the PT can update its ideology and its program and define a political agenda to face the problems the country must face today. The party faces great challenges. Voters chose the PT to become the opposition of the new administration. This opposition must be competent and have proposals of its own. It is also necessary to be conscious and responsible of the fact that if the party does not overcome what is left of old ideologies, if it does not carry out a deep organic renewal, and if it does not update its programs, it will ultimately face a big hurdle in its ascending and renovating history in Brazilian politics.

Esteves Confirmed as Nuclear Energy Commission Chief

PY0501131095 Sao Paulo AGENCIA ESTADO in Portuguese 1100 GMT 5 Jan 95

[FBIS Translated Text] Rio de Janeiro, 5 Jan (AE)—Strategic Affairs Secretary Ronaldo Sardenberg has confirmed Jose Mauro Esteves dos Santos in his post as president of the National Nuclear Energy Commission (CNEN). Esteves, a 40-year-old geologist, was installed as CNEN president in June 1994, replacing nuclear engineer Marcio Costa.

IBGE Releases 1991 Population Census Figures

PY0501130695 Rio de Janeiro O GLOBO in Portuguese 20 Dec 94 p 9

[FBIS Translated Text] The Brazilian Institute of Geography and Statistics [IBGE] released on 19 December figures relative to the census for the period from 1980 to 1 September 1991, which was conducted nationwide. The census indicates that the Brazilian population increased to 146,825,475, and that their age level became higher due to a decrease in mortality and a reduction in the population's birth rate. In all regions of the country the census registered an increased number of adults (from 15 to 64 years old) and of older people (above 65 years old). In the southeast region, for example, the number of adults increased from the 61.7 percent registered in 1980 to 63.6 percent, while the number of older people increased from 4.2 percent to 5.1 percent.

According to IBGE projections, however, Brazil currently has 153,700,000 inhabitants. The main items contemplated in the questionnaire for the IBGE census, which were released on 19 December, are as follows:

Growth—The average geometric growth rate per year for the 1980-1991 period totaled 1.93 percent. This is one of the lowest rates registered so far, and reflects an intense decline in the birth rate during the decade of the 1980's.

International Ranking—Brazil is the sixth most populous country on earth with 2.7 percent of the international population, which was figured at 5.3 billion people by 1991. More populous than Brazil are the PRC, India, the United States, Indonesia, and Russia.

Regions—The most populous region in the country is still the southeast (62,740,410 inhabitants). It is followed by the northeast (42,497,540), the south (22,129,377), the north (10,030,556), and the central-west (9,427,601).

Infant Mortality—The infant mortality rate dropped from 69.1 per thousand in 1980 to 49.7 per thousand in 1991.

Urban Population—The country's urban population is three times larger than the rural population.

States—The most inhabited states are Sao Paulo, Minas Gerais, Bahia, Rio Grande do Sul, and Parana.

Number of Inhabitants by Sex—The 1991 census shows that there are 97 men for every 100 women, and that the number of women exceeds the number of men by 1,846,055. According to figures released on 19 December, the historical predominance of women over men in the Brazilian population persists.

Heads of Families—The proportion of women who support their families has increased to 18.1 percent instead of the 14.7 percent registered during the 1980 census. This tendency has been the same in all regions of the country.

According to IBGE estimates, if the Brazilian population grows by an average of 1.5 percent per year, it will total 165,700,000 in the year 2000. The figure of the male head of household will become a thing of the past. Currently, family income is obtained through cooperation by all family members, and is also a responsibility of women (18 percent countrywide). Senior citizens will live longer, and the number of young people will decline. Finally, couples will be inclined to have fewer children in the next century—the fertility rate will stand at 2.05 children per family, which is very close to the Brazilian stable population rate.

In 1980 each Brazilian couple had an average of 4.35 children. In 10 years this rate has been cut in half. The 1991 census shows that each couple has an average of 2.7 children. Luiz Antonio de Oliveira, chief of the IBGE Population Research Department, predicts that the Brazilian population will stabilize by the year 2024, when it will stand at 240 million people.

According to the 1991 census, children in the 10-14 age bracket account for 38.2 percent of the population; they accounted for 34 percent in 1980. People older than 60 accounted for 7 percent in 1991 and 6 percent in 1980.

In the year 2000, young people will account for 28.3 percent of the population, with senior citizens at 8 percent. The life expectancy for Brazilians is increasing; while it was 61.7 years in 1980, the 1991 census shows that it has risen to 65.6 years. Oliveira said that this improvement stems from basic health drives, such as immunization campaigns. He noted, however, that living conditions have not improved.

Chile

Insulza Interviewed on Grapes Case, Cuba

PY0501170595 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1000 GMT 5 Jan 95

[Studio interview with Foreign Minister Jose Miguel Insulza by Alejandro Guiller—live]

[FBIS Translated Text] [Guiller] Good morning, minister.

[Insulza] Good morning.

[Guiller] You seem to have been having to work quite hard lately.

[Insulza] I only get up at the crack of dawn when I receive an invitation from you.

[Guiller] That means you haven't altered your working hours?

[Insulza] No.

[Guiller] It was reported yesterday that the National Security Council had been summoned to assess the technical report on the Laguna del Desierto ruling. Can you tell me if that report is ready?

[Insulza] No. And this should be noted, because the meeting summoned by the [words indistinct] has not necessarily been confirmed. It is a preliminary meeting on a possible date, but naturally the final decision will be made by the president of the Republic during the first days of next week, after we give him the final reports on the subject.

[Guiller] According to the information contained in this technical study, are there any new elements that could radically modify the Chilean decision to accept the ruling?

[Insulza] Well, I think there are elements within the reports that must be taken into account. It is not possible to make radical modifications, because the alternatives we have are limited, such as the alternative to review and interpret the ruling. These are the alternatives provided for by the 1984 Treaty, and within these alternatives there are interesting elements, but I believe it is up to the corresponding authorities to address this issue.

[Guiller] In any case, would the Chilean stance be adopted during the meeting to be held at some date or other?

[Insulza] Well, I do not think that will be the only meeting. The president has to make a decision, and I am sure he will want to hear the opinion of others in addition to that of the National Security Council.

[Guiller] Minister, there are so many questions we would like to ask you. We also have the case of the cyanide-laced grapes. One thing everyone wants to know is whether Chile has been kept constantly well-informed by the U.S. Government on the development of the investigations.

[Insulza] What I can say, because I carried out the corresponding investigations, is that it was correctly informed about the case of the telephone conversation that was made public some 10 days ago. That same day the U.S. Government sent us a note with a transcription of this phone call, and three days later the transcription of another phone call that has not been made public. The Chilean Foreign Ministry has acknowledged receipt of these two transcriptions, and in the same note that acknowledges receipt of these conversations it points out that it has sent a copy of this note to various public organizations to process the available information.

[Guiller] What is the reason for this confusion, in which the United States appears as if it is concealing information, or as if it had never supplied some information to Chile?

[Insulza] The reason for this confusion lies in the mere fact that the note was not made public. As you know, right now court proceedings are under way in Philadelphia on the charges pressed by the Association of Chilean Fruit Exporters. This association was precisely one of those that were unaware of this phone conversation. Therefore when they saw—or better said, when their lawyers found—this transcription in the file of documents handed over to them by the U.S. State Department or the FDA, they were very surprised because they had not seen it before. It seems that this is where THE WALL STREET JOURNAL came up with the report that information had been concealed. The truth is that the United States delivered this note to the Chilean Government, which processed it but did not make it public. Neither did it inform exporters about it.

[Guiller] Is there any reason why the Foreign Ministry—although this happened under General Augusto Pinochet's administration—in following the Foreign Ministry's policy, did not disclose this information?

[Insulza] Look here, after reading the text of the conversation, not only the first one but also the second, one gets the impression that at that time the security surrounding this case was still a very sensitive issue. The notes are full of threats, although five years later we may find them hard to believe. I think that someone must have read the notes at that time, and thought they entailed threats or something similar, and (?unfortunately) it was a great mistake because those notes, in my opinion, are so hard to believe that they support the Chilean position that this was all a great... [pauses] a new arbitrary action.

[Guiller] How are negotiations with the United States to settle this matter going? Is Chile going to seek a political agreement, or is it going to go through judicial channels?

[Insulza] Well, I think it should be noted that the Chilean Government cannot resort—though not because it is shirking its role or has no desire—to the Philadelphia courts together with the Chilean Fruit Exporters, because one government cannot sue another government before a court. What the Chilean Government can do is carry out parallel political negotiations, and can also protect the interests of citizens once the judicial resources have been exhausted, or it can resort to an international court such as the Bryan Treaty, which in this case the United States has chosen not to use.

[Guiller] Is it going to...

[Insulza, interrupting] We are working constantly in search for an agreement. We cannot mention any deadlines, because these things take quite a lot of time, but we believe we will eventually reach some sort of agreement with the U.S. Government.

[Guiller] Do you feel that the United States has shown some kind of sensitivity regarding the subject, some willingness to rectify the mistake, that it is willing, for example, to eventually pay indemnization?

[Insulza] Look here, what I have personally seen, in my capacity as foreign minister and even as under secretary in the past, is that during this administration the case has been handled by the Philadelphia courts. Prior political negotiations ended a few days before President Patricio Aylwin's administration ended, but without any results. I therefore cannot say that I have seen any favorable or unfavorable attitudes during this administration.

[Guiller] Another subject that is news is Cuba. There is talk about quite a rapprochement, that relations with Cuba in general are at a good level and could be resumed. Is this a fact? Is the possibility being assessed?

[Insulza] Well, all the uproar about Cuba has taken us by surprise...

[Guiller, interrupting] There are rumors that an ambassador has even been selected.

[Insulza] The media has even published the name of the possible ambassador, but of course that would be a second step. Our policy is to maintain relations with all the countries in the world, and therefore the subject of relations with those countries with which we do not have ties is always a pending issue. We do not have relations with Bolivia, but we could restore relations with that country tomorrow, or the day after, or in a year's time. We do not maintain relations with Cuba—I am talking about diplomatic relations—and therefore the possibility of resuming relations is always latent. But the strange thing is that during these past days, these past weeks, the subject has not been raised, nor has any decision in this regard been taken. Our relationship with Cuba remains as it was a month ago. We are therefore a bit surprised about the uproar, the debate, the viewpoints, although I think it is good that people state their viewpoints, that they debate the subject, but in this case it is not based on any real decision.

[Guiller] I want to ask a very practical question. Could resuming relations with Cuba affect Chile's relations with other countries, with the United States for example, or affect its commercial opening, its commercial relations with other countries?

[Insulza] I do not think so, because judging from concrete facts it should be pointed out that Canada and Mexico not only maintain relations with Cuba but are—together with Spain, I believe—the three main investors in Cuba, and Canada and Mexico are the other NAFTA members. I therefore do not see why a country that is going to join the free trade agreement cannot have relations with Cuba. It would be rather odd. Moreover, in South America only Paraguay and Chile do not maintain relations with Cuba. But I am not saying this as argument in favor or against, but only to point out that this is a strictly Chilean decision in which no other country can or must give an opinion.

[Guiller] Thank you very much, Mr. Minister.

Security Council To Discuss Laguna del Desierto Ruling

PY0501163895 Madrid EFE in Spanish 2052 GMT 4 Jan 95

[FBIS Translated Excerpt] Santiago, 4 Jan (EFE)—Chilean President Eduardo Frei today summoned the National Security Council to meet on 12 January to analyze possible alternatives in the face of the legal ruling in favor of Argentina over the possession of the Laguna del Desierto territory.

The Chilean Government will carry out consultations on the basic criteria for the position it must adopt regarding the ruling issued last 21 October by a court made up of five Latin American jurists. One of the alternatives is to ask for a revision of the ruling that granted the territory to Argentina.

In order to issue an opinion, the Chilean Government asked for a report to be drawn up by Chilean jurists Maria Teresa Infante and Helmut Brunner and French jurist Posper Weil.

According to the local newspapers, this document recommends that the ruling not be contested and that a review of it not be requested. [passage omitted]

Former Guerrillas Urge 'National Disobedience'

PY0501213095 Madrid EFE in Spanish 1200 GMT 5 Jan 95

[FBIS Translated Text] Santiago, 5 Jan (EFE)—Former guerrillas who, over the past decade, took up arms against General Augusto Pinochet today, 5 January, called for "national disobedience" against President Eduardo Frei.

The former members of the Manuel Rodriguez Patriotic Front, an organization that tried to murder Gen. Pinochet and killed five of his bodyguards in 1986, said that this mobilization complies with a decision to "confront through nonviolent means all the unjust laws that smother the citizens."

Grouped today within the Manuel Rodriguez Movement, the former guerrillas are ready to fight the heritage of the military regime, such as the electoral system that clearly favors the parties of the right; the senators designated by Pinochet, who allow the conservative sectors to control the senate; and the 1978 amnesty law.

This amnesty has helped pigeonhole most of the trials for human rights violations.

Leandro Torchio, spokesman of the movement, said that they will hold a national assembly in April 1995 to group those who are unsatisfied. According to a poll released on 4 January, 69.9 percent of those interviewed consider the Chilean democracy as being "weak" and 48.9 percent expressed their disappointment.

Torchio said that in Chile there are still some 200 political prisoners and that the maximum-security prison being built by the government to jail those accused of crimes of terrorism or drug trafficking must be eliminated.

Both the administration of President Patricio Aylwin (1990-94) and that of current President Eduardo Frei have not recognized as political prisoners all those tried for crimes of armed struggle committed as of March 1990, when the transition to democracy began.

Colombia

Commander Details Army Actions in Putumayo

PA0501161695 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 5 Jan 95

[Report by Carlos Gomez Herrera from "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] General Alvaro Velandia, commander of the 3d Brigade, who is in charge of controlling and protecting the Putumayo area, where peasants are staging a demonstration, earlier this morning delivered to Caracol radio station, through one of the National Police spokesmen, a report on all operations carried out there, including the recovery of five fuel tanks that belong to Ecopetrol [Colombia Petroleum Enterprise].

[Begin unidentified spokesman recording, in progress] ...and lists the following points regarding the operations carried out as a result of the civil strike that began on 20 December 1994. The strikers have maintained control over major oil infrastructures. We have held a number of meetings with the strike leaders to determine the reasons for the strike and to inform the government through the corresponding channels. We held a council on departmental security, which was presided over by the primary authority in the department and which was attended by regional authorities, to determine the actions that each one of the entities represented in the council would take. Thanks to the National Army operations, in coordination with the National Police, we recovered the following pump stations and major sites used to ship crude oil: the Sucumbio fuel tank; the Caribe fuel tank; the crossroads at kilometer 15, which connects Orito with the Juan [word indistinct] and Orito pump stations and Orito with El Placer and La Hormiga; the pump valve at Bridge 1 over the Guamez River; the bridge over the Dito River; the Caldero Bridge [words indistinct] and Satelite; the [words indistinct] Field; and the crossroads at Puerto Colon. In addition, the Puerto [word indistinct]-Orito road is under control. The recovery of other sites that were [words indistinct] and their maintenance by the public force expedited the productive rehabilitation of the area and the pump station connecting Orito and Tumaco. [end recording]

These are the actions that the 3d Army Brigade has carried out to restore peace in Putumayo Department.

Local Government Fears Spread of Peasant Strike

PA0501140595 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 5 Jan 95

[From "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] The Putumayo government fears the peasant strike that began in the hamlets of La Hormiga, Orito, and La Dorada could spread throughout the department, because according to the new governor, (Jorge C. Brinez), local administration unions are already voicing their intention to join the strike. The governor said that the situation is very delicate and that the chaos and economic inactivity are not subsiding.

He also said that he is concerned about the disruption of the peace in the areas occupied by the peasants, who as they left the fuel tanks they seized, triggered major blazes, which are consuming the Colombia Petroleum Enterprise fuel. The Army and the police are sending reinforcements to the area.

Putumayo Explosions Cause 'Incalculable' Damage

PA0501204295 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 5 Jan 95

[From the "National Newscast"]

[FBIS Translated Excerpt] [Announcer] The tanks in the oil-producing district of Orito Municipality, Putumayo, are still on fire, and there is fear that another tank could go up in flames. Special correspondent Fernando Ramos has the details.

[Ramos] "National Newscast" reporters flew over the Churuyaco region today and determined that two crude oil tanks are still on fire and a third is about to explode.

Putumayo is a time bomb, not only because of the flames in Churuyaco but also because the social situation has become complicated. The peasants have said they will not leave La Hormiga region until a central government commission arrives. There is no news of such a presence in the region.

Meanwhile, the police and the Army are trying to seize control of the area where the demonstrators are. This is the information we have from Putumayo. General Alvaro Belande of the 3d Brigade and Putumayo Police Colonel Villas are preparing to overfly the site to take control of the situation. This is Fernando Ramos reporting.

[Announcer] Our reporters also witnessed how the Churuyaco tank complex went up in flames. All of a sudden everything was in disarray and there were shots from all sides.

What does the Churuyaco oil plant, partially destroyed today as a result of criminal activities by Putumayo strikers, represent for the Colombian Petroleum Enterprise [Ecopetrol]?

The Churuyaco is one of the eight plants Ecopetrol has in its south district in Orito. This plant extracts oil and separates water and gas residues. [passage omitted]

Another plant in La Hormiga Municipality is also in danger and remains paralyzed by the strikers. It is expected to be cleared today.

Our reporters went to La Hormiga, where people from 60 Guamuez communities have been on strike for the past 17 days. The situation is more complex than it appears. The more than 2,000 peasants entrenched in La Hormiga have said that their backs are against the wall with only two options: either continue planting coca as a means of subsistence in the Putumayo Jungle, or confront the guerrillas and drug-traffickers. [passage omitted]

Those who have decided to cultivate other plants have problems. They receive aid only from the United Nations. The presence of the Colombian state is almost nonexistent. There is no road to taking products out, and the procedures for obtaining lines of credit are complex.

[Begin unidentified peasant recording] We are asking for construction of the Guamuez Valley-Narino road. [passage omitted] [end recording]

As we reported earlier, this news program was at the scene when the Churuyaco tank complex exploded. This is what happened:

The Army arrived at approximately 1630 to remove demonstrators from Churuyaco. The crowd became angry when it was dispersed with tear gas. Apparently there were guerrillas of the Revolutionary Armed Forces of Colombia's 48th Front among the peasants.

[Begin recording] [Unidentified speaker] We used tear gas to keep the people from overwhelming us. [passage omitted] [end recording]

The authorities arrested a man who apparently started the fire. The crude oil loss has been incalculable. [passage omitted]

Authorities have tightened security measures in view of the events in Churuyaco. Police and Army reinforcements have arrived in the area to take control of strategic places such as La Hormiga and Orito. The authorities believe the guerrillas could have infiltrated the area and seized the oil pumping stations.

Ecopetrol officials in the region say the losses are incalculable. There is total uncertainty, and many people have been negatively affected.

[Begin recording] [Ecopetrol official Lisimaco Martinez] They destroyed the Churuyaco station. The fire is out of control.

[Unidentified reporter] How long will this last?

[Martinez] Until all the fuel stored there is consumed. It looks like pipes to some wells could have been opened to keep the tanks burning, because the flames are as high as they were yesterday.

[Reporter] The damage is incalculable.

[Martinez] Yes, and not only the material damage. You can see the fumes from Orito 40 km away. The environmental damage is incalculable. [end recording]

3d Fuel Tank Set on Fire

PA0501204895 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 5 Jan 95

[From the "National Newscast"]

[FBIS Translated Text] This is the first footage on the explosion at the oil pumping station in Yuruyaco, Putumayo Department. [Video shows fuel tank on fire]

What began with a peaceful eviction ended in total chaos after infiltrated FARC [Revolutionary Armed Forces of Colombia] members started the fire. Two tanks exploded first, a third one is about to increase the conflagration.

A total transportation stoppage currently prevails given the guerrilla members' threats that they will burn public transportation vehicles. Putumayo Department is practically isolated.

The authorities are studying the possibility of traveling to La Hormiga Municipality, where the situation is more critical.

The fuel tanks set on fire yesterday are still burning.

Government Minister Views Putumayo Incidents

PA0501205295 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 5 Jan 95

[Interview with Government Minister Horacio Serpa Uribe by Ana Fernanda Valderrama; place not given; from the "National Newscast"—live]

[FBIS Translated Text] [Valderrama] A security council meeting is currently under way in Putumayo, following the incidents that have been amply reported by the "National Newscast." Government minister, what preventive measures will the government take given that there are currently reports that a third tank might explode?

[Serpa] We hope not. There was more danger of that yesterday. We believe the situation is under control. We are now awaiting results from the security council, the one you referred to. Generally speaking, the authorities are alert to prevent any further public order disruptions. We are quite interested in actions aimed at immediately solving the situation that arose in Putumayo Department. We are reviewing social issues, but we also issue an appeal to those who are sponsoring the stoppage and the movement to adopt a civic-minded attitude, abstain from breaking the law and opposing the authorities, and let this discussion facilitate a solution that will undoubtedly benefit the region. They should let no one manipulate them.

[Valderrama] Mr. Minister, people are afraid the situation will spread to La Hormiga Municipality. What could you do? What is the government waiting for before sending a commission to talk with these persons?

[Serpa] We have been in contact with leaders in that zone. I have talked with La Hormiga's mayor on two occasions, and I have talked with the mayor of Orito, the governor, and the military and police authorities. We are aware of the situation.

We have asked these people to avoid violent incidents, abandon the Ecopetrol [Colombian Petroleum Enterprise] facilities, stop setting up roadblocks; abandon their illegal behavior of restraining transportation enterprises causing them to fail to fulfill their public service, because this does not let us meet with them and discuss the social issues they have proposed. We are currently analyzing them at the Transportation Ministry, the Energy and Mines Ministry, and the Health Ministry. We are studying them everywhere, and we want to solve the case.

Army Airplanes Land in Putumayo; Ecopetrol Official Remarks

PA0601015495 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 6 Jan 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] Three Army Hercules airplanes landed with tens of soldiers in Putumayo Department, where the public order situation remains confused. The chief problems arose today in the town of La Hormiga, where 90 percent of strikers are controlled by or belong to the guerrillas according to the military. All flights to the zone were canceled. Our special envoy in Putumayo, Juan Roberto Vargas, got impressive shots of the enormous blaze caused by the demonstrators at several oil pumping stations when the Army was taking over the warehouse sites:

[Begin Vargas recording] Following the initial evictions by the Army at the oil pumping stations, the worst incidents arose in Churuyaco, the largest oil pumping station. Thousands of demonstrators were repelled with tear gas. The situation grew worse when Molotov cocktails were hurled from the midst of the demonstrators, setting afire the huge tanks storing the crude.

The situation is different now. It has been shown after yesterday's incidents at the Churuyaco oil pumping station yesterday that this problem is no longer one of public order only but a security problem, because experts report Putumayo lies on a sea of oil, a location which turns it into a literal time bomb.

This is the view this morning of the Churuyaco oil pumping station, south of Putumayo Department. The range of the blaze of the oil pumping station keeps growing. The last two oil pumping stations still in the hands of demonstrators and organizers of the civic strike are much larger than this, and the effect could be much more devastating if they catch fire.

[Petroleum Enterprise, Ecopetrol official Lisimaco Martinez] It would be catastrophic if the guidelines are not observed in any oil pumping station and if we have a repeat of what happened yesterday. Fortunately—and thank God—yesterday's events did not get much worse with regard to the people who were there.

[Vargas] The situation in Putumayo is growing more tense by the minute. New Army and police contingents such as this one began arriving from Bogota, Cali, Pasto, to get control over the last two oil zones of this region, which are still in the hands of demonstrators. [end recording]

A video filmed by an Ecopetrol official when the oil tank exploded at the Churuyaco base allowed the authorities to capture two strike organizers. It was said later they were leaders of several FARC [Revolutionary Armed Forces of Colombia] members operating in the region. Let us see:

[Begin unidentified reporter recording] The Armed Forces captured two FARC guerrillas, one of them the commander of one of the six fronts of this guerrilla group spearheading the strike in Putumayo, thanks to this video filmed the instant Ecopetrol's oil pumping station was set on fire in Churuyaco. This man running to hide in a place close to the site of the explosion is the commander of the FARC front leading the strike according to military information. The authorities identified him and established he was also in all the other places where the peasants gathered. This other man, who is being taken on board an Army helicopter, was also identified as a strike instigator. He was also accused of being a member of an FARC front. The Army has stated 800 people out of the approximately 2,000 who were in Churuyaco at the time of the explosion are guerrillas. [end recording]

Minister: No Talks With Demonstrators Until Protests End

PA0601015795 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 6 Jan 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] In Santa Fe de Bogota, Government Minister Horacio Serpa has said that if demonstrators suspend their protests, the government will hold talks with them. The Putumayo governor, in turn, already sent a delegation to talk with several leaders.

[Unidentified reporter] It has been confirmed. Talks will only be held with Putumayo peasants if they end their protests.

[Begin Serpa recording] We have been analyzing, however, social issues. We are prepared to meet with them immediately, provided, of course, they forsake their acts of violence, which is the least we can ask from them. [end recording]

[Reporter] Minister Serpa insisted outsiders who do not care about solutions to the primary needs—the social needs—of the people of Putumayo are manipulating the strike.

[Begin recording] [Reporter] Do you still feel that drug traffickers are without a doubt behind these events?

[Serpa] Yes, they certainly are. [end recording]

[Reporter] In conclusion, Serpa noted that once the strike is lifted, the government will send a delegation to sign a pledge with peasants of the Putumayo region.

Ecuador

Deputy Reports Clash Between Ecuadoran, Peruvian Troops

PA0501222195 Mexico City NOTIMEX in Spanish 1547 GMT 5 Jan 95

[FBIS Translated Text] Quito, 5 Jan (NOTIMEX)—German Mancheno, deputy for Morona Santiago Province in Amazonia, has informed EL UNIVERSO newspaper that an armed clash between Ecuadoran and Peruvian soldiers occurred two weeks ago in an undelimited area along the border between the two countries, specifically in Ecuador's southeastern region. Mancheno said the clash occurred at Alto Coangos on the slopes of El Condor cordillera facing Ecuador.

EL UNIVERSO said it confirmed that an Ecuadoran soldier, Cheny Venancio Ramones, was wounded "in a clash with Peruvian troops" last month. The soldier reportedly was treated at the Quito Military Hospital, where he underwent two life-saving operations.

Mancheno also said large movements of troops, ambulances, and helicopters were observed in Gualaquiza in Amazonia near the scene of the clash shortly after the fighting erupted. He added that all Ecuadoran conscripts had been denied leave by that time. The deputy noted that, two weeks ago, the Peruvian press and television "justified the absence of Peruvian soldiers from home, saying they had to defend the homeland," adding, "this means they are on a state of alert." In mid-December, the Ecuadoran Defense Ministry denied reports that the Ecuadoran Armed Forces had been placed on alert.

Ecuador and Peru have long disputed a part of Amazonia territory that borders the two countries. This dispute has led to a number of armed clashes, the largest of which occurred in 1942. To resolve the disagreement, the Ecuadoran Government is proposing that the countries resort to arbitration by the pope. Meanwhile, the Peruvian Government is proposing an "expert appraisal," also by the pontiff. No further action on either of these proposals has been taken, however.

Foreign Minister Denies Clashes

PA0501231495 Paris AFP in Spanish 1947 GMT 5 Jan 95

[FBIS Translated Text] Quito, 5 Jan (AFP)—Ecuadoran Foreign Minister Galo Leoro Franco today stressed it is not true that there were any clashes between Ecuadoran and Peruvian troops in the Coangos border region, in the Amazon province of Morona Santiago.

"The information I have, supplied by the Defense Ministry, is that absolutely nothing happened," Leoro Franco noted, maintaining that "the relations between the two countries are very good."

However, he admitted that the wounds sustained by an Ecuadoran soldier were a result of "internal problems within the Ecuadoran Army."

In remarks to AFP over the telephone, opposition Deputy German Mancheno of the Social Christian faction reported that an incident between Ecuadoran and Peruvian soldiers occurred approximately 15 days ago.

"I do not know what truly happened, but residents there told me that they were very worried and anxious," Mancheno said, adding, "the fact that the soldiers were not given permission to spend the Christmas and New Year's holidays with their families makes one wonder."

The legislator told EL UNIVERSO: "There are constant problems along the border because it is an area that has not been demarcated, and, because Peru is an expansionist country, it is always entering Ecuadoran territory, and these moves are repelled by the Ecuadoran soldiers who are obligated to defend our territory," the legislator told EL UNIVERSO.

The foreign minister, who held an impromptu meeting with reporters at the National Palace, added that there have been no contacts at the diplomatic level with the Peruvian Government on this matter because "there is no reason for it."

When reporters insistently cited reports on incidents along the Ecuadoran-Peruvian border, the foreign minister replied: "The Defense Ministry categorically denies them. I am merely reporting to you what I was told: Nothing is happening, and nothing has happened."

Peru

'Feliciano,' SL Column Spotted in Conchucos Valley

PY0601023495 Lima LA REPUBLICA in Spanish 18 Dec 94 p 29

[Article by Efrain Rosales]

[FBIS Translated Text] Huaraz—Peruvian National Police [PNP] Commander Herly Maguina Arana, chief of the Ancash Antiterrorism Division [Dicoter], has reported that according to intelligence reports, [Shining Path, SL, chief in central Peru Oscar Ramirez Durand, aka] "Comrade Feliciano," who is being intensely sought, has reportedly sought refuge in the Conchucos Valley. Reports also add that Feliciano is reportedly regrouping his dismembered SL cadres.

This official report confirms unofficial information supplied by sources from the War Navy Intelligence Department that operates in the Huanuco jungle area. According to these sources "Feliciano" has reportedly entered the Ancash hills at the head of an SL column of 400 that includes dozens of "repentants" who were recruited under death threats.

In view of this subversive mobilization, General Carlos Rada Perez, chief of the Fourth PNP region, has ordered the deployment of joint military and police forces to the border area between Ancash and Huanuco, where the top-ranking SL leader is reportedly hiding.

Commander Maguina Aranda said that "Feliciano's" deployment to this region is due to the intensive military offensives that have been unleashed in the Upper Huallaga, where he had previously sought refuge.

Maguina said: "It seems that the SL headed by Feliciano is regrouping in this area in order not to lose ground at the national level."

He added that the joint Army and PNP forces that have been deployed to the area have been ordered to cordon off and liquidate the SL group headed by Ramirez Durand, which wants to seek shelter in the upper Chavin region.

Despite a recent notorious drop in terrorist activities in the region, Maguina added that "there is an indication that SL is regrouping its cadres in the Andean regions of Piscobamba, Yanama, Marcara, Jangas, Catac and Chiquian. All of these areas were previously considered 'red areas.'"

He added that these places, among others, are controlled not only by the Dicoter Intelligence Service, but by other forces of order detached to the area in conjunction with the Army.

Maguina added that "by the year 1995, the forces of order should have completely eradicated terrorism from Peru."

A few days ago a peasant group in Yauya district, San Luis Province, located in the Conchucos Valley, spotted a large column of armed individuals, thought to be SL. The group, which was walking in single file, was spotted in the upper region of the Conchucos Valley.

In view of this, the peasants fear that an SL incursion is imminent and have, therefore, requested that a police or military detachment be deployed to the area.

Fujimori Approves Army, Navy, Air Force Promotions

PY0601001695 Lima LA REPUBLICA in Spanish 28 Dec 94 p 2

[FBIS Translated Text] Peruvian President Alberto Fujimori has approved the promotions and retirements of general officers and senior officers of the Armed Forces, but made a point of keeping General Eduardo Bellido in his post. Bellido is the former chief of the Huallaga Front and current military attache to Israel. This disregards the serious accusations of presumed links with drug trafficking.

According to the accusations, when Bellido was informed about the participation of an Army patrol in the murder of eight drug traffickers surprised with a load of 300 kg of cocaine paste, he ordered the implementation of a special operation to cover up the mass murder and recover the drug, which was then sold to Colombian drug trafficker "El Mocho."

Nevertheless the military court which is hearing the case did not call on him to be confronted with the drug traffickers.

Because of the existence of several witnesses and accusations against Gen. Bellido, political circles expected that the president would decide for his retirement to reduce the scope of the scandal, but, against all odds, he is keeping him in an untouchable position.

A total of 59 officers from the Army, Navy, and Air Force have been promoted, while eight were given their retirement, among them Brigade General Jorge Hoyos Rubio, brother of former Army Commander General Rafael Hoyos Rubio, who died tragically in an air accident.

The following is the official communique issued by the Defense Ministry referring to the promotions and retirements:

The Defense Ministry wants to announce to the people the following:

1. According to the provisions of the laws on promotions for the institutions of the Peruvian Armed Forces and their corresponding rules, the permanent evaluation and selection boards have prepared the cadres with the respective merits and according to the declared vacancies with the approval of the Defense Ministry, and the provisions of Article 172 of the Peruvian Constitution, the president of the Republic of Peru, through the corresponding executive branch resolutions, granted the rank of division general, vice admiral, lieutenant general, brigade general, rear admiral, and major general, respectively, on 1 January 1995, to the following general officers, admirals, and senior officers:

A. Peruvian Army

a. To division general, the following brigade generals: Luis Perez Document, Alberto Rios Rueda, Manuel Pancorvo Rivera, and Cesar Ramal Pesantes.

b. To brigade general, the following colonels: Fredy Colque Castro, Baltazar Alvarado Cornejo, Eduardo Ortega de la Jara, Felix Unda Rojas, MacDonald Perez Silva, Adrian Roman Fernandez, Roguer Burgos Leon, Walter Jave Huangal, Juan Pita Montoya, Juan Yanqui Cervantes, Gonzalo Oviedo Motta, Percy Corrales Aranibar, Abraham Cano Angulo, Jose Malaga Ego Aguirre, Elias Espinoza del Valle, Jose Cacho Vargas, Guillermo Rebagliati Escala, Ronald Zerga Romero, Nazario Mercado Zedano, Walter Chacon Malaga, Daniel Mora Zevallos, Julio Alcocer Lara Armando, Americo Abelardo Fernandez Caceres, Guillermo Felipe Venegas Pinto, and Luis Enrique Delgado Arena.

B. Peruvian Navy

a. To vice admirals, the following rear admirals: Javier Bravo Villaran, Alfonso Malaguer Torriani, and Moises Woll Torres.

b. To rear admirals, the following captains: Alfredo Palacios Dongo, Rene Chiappo Jellez, Lizardo Garcia Milena, Jean Jesu Doig Camino, Ricardo Arboco Liceti, Mario Galvez Pinillos, Mario Carulla Marchena, Carlos Sarmiento Dupuy, Carlos Salcedo Marquina, Bruno Schenone Verdecchia, Cesar Martinelli Freundt, and Luis Vera Requena.

C. Peruvian Air Force

a. To lieutenant general, the following major generals: Luis Leoncio Vouroncle Loayza, Waldo Wilson Richter Cruz, Guillermo Suarez Carranza Danfer, Orlando Felix Tutron Horna.

b. To major general, the following colonels: Rolando Magni Flores, Gustavo Rodolfo Romero Herrera, Enrique Alberto Gonzales Vasquez, Pedro Vicente Palomino Horna, Miguel Angel Moron Buleje, Fernando Henry Nieri Sievert, Segundo Lauro Castillo Villacorta, Felipe Velasquez Garcia Monterroso, Fernando Eduardo Suito Hermosilla, Augusto Arce Solis, and Victor Huisa Lopez.

2. Moreover, according to legislative decree No. 752, Law on Military Situation of Army, Navy, and Air Force Officers, according to the proposal of the commander general of the institutions and according to what was agreed upon by the Defense Ministry through the appropriate executive resolutions of 2 January 1995, the following officer generals and admirals will go to retirement for "RENEWAL":

A. Peruvian Army: Brigade General Jorge Hoyos Rubio, Brigade General Walter Ledezma Rebaza, Brigade General Juan Peirano Sanchez, Brigade General Luis Rojas Neyra, and Alejandro Wendorf Rodriguez.

b. Peruvian Navy: Rear Admiral Fernando Casaretto Alvarado and Rear Admiral Victor Ampuero Torres.

c. Peruvian Air Force: Major General Roberto Marin Reyna.

Security Forces Members Eliminated From Voters' Lists

PY0501220095 Madrid EFE in Spanish 0335 GMT 5 Jan 95

[FBIS Translated Text] Lima, 4 Jan (EFE)—The National Election Board (JNE) reported today, 4 January, that a total of 30,000 members of the Peruvian security forces, prevented by law from voting in the elections, have been eliminated for the time being from the voters' lists.

JNE President Ricardo Nugent told the press that the board is continuing to purge the registration lists, and that the total number of military and police officers who possess electoral identity cards and who are registered on the lists and/or have been removed from them will be known by next week.

Although it is forbidden by law, those military and police officers have electoral identity cards for security reasons, in order to make it possible for them to be identified as civilians in the emergency zones because of terrorism.

This situation was reported last year by the political opposition, which demanded the elimination of members of the security forces to guarantee the openness of the presidential and congressional elections slated for 9 April 1995.

Army Communique Addresses Corruption Issue

PY0501031595 Lima EXPRESO in Spanish 15 Dec 94 p A3

["Official communique" entitled: "There Is No Room for Disloyalty, Immorality, and Corruption Within the Peruvian Army"; issued by the Army Information Office in Lima on 14 December 1994]

[FBIS Translated Text] Dissemination of information by the media:

a. The Army Command reiterates to the citizenry its full respect for the freedom of information, opinion, and expression exercised by the media.

b. During the current year, particularly the last quarter, the media has voluntarily or involuntarily disseminated distorted information on drug trafficking activities involving Army personnel that have or are serving at the Huallaga Front. The following headlines are a generic sample of the aforementioned reports:

"Corruption Increases Within the Army at the Huallaga Front"

"Military Officers Kill Drug Traffickers and Trade Seized Drugs"

"Lieutenant Sentenced To Avoid Implicating General"

"Officers Guilty of Selling Drugs Receive Benign Punishment"

c. Unfortunately, there are individuals who have been dismissed from the institution for disciplinary reasons who, in a disloyal and irresponsible manner, are spreading slanderous reports with the purpose of concealing their guilt and appearing as victims of unfair sanctions and alleged harassment, in the belief that this will give them the chance to ask for asylum in a foreign country.

d. As is obvious, these reports distort reality and seek to generate mistaken and biased conclusions. In this regard, the following information should be reiterated:

1. Retired Major Evaristo Castillo Aste

The information given to the media as "exclusive" had been previously investigated by the Army inspection system and charges for the punishable deeds filed before the court.

Major Castillo Aste committed punishable offenses before the distorted information was given to the media.

2. Peruvian Army Captain Valdiviezo Rejas Gilmar

Through Official Communique No. 007 1-5/24.01 of 22 November 1994 the Army Information Office informed the citizenry about the situation of the aforementioned officer; according to the investigations carried out by the Army inspection system, it has been established that he and other officers are responsible for crimes for which charges have been filed before the crimal court.

3. Sub-Lieutenant Guillermo Guerra Pinedo

This officer was retired for disciplinary reasons and charged with activities linked to drug trafficking in 1992.

4. Control action of the Army inspection system

As a result of the permanent control action established by the Army Command and the administrative investigation procedures carried out by the Army inspection system, it has been determined that some bad members of the institution have participated in drug trafficking, for which they have been drastically sanctioned; charges against them have also been filed before the criminal court.

To date, approximately 200 military officers have been charged, to a greater or lesser degree, with drug trafficking. Administratively, 76 have been retired, 18 have been placed on availability status, and 80 have received various disciplinary actions.

5. Army Command's policy on the Huallaga Front (1992-93)

a. Increase personnel for more effective control, surveillance, and investigation.

b. Prioritize the objectives of the drug enforcement plan:
1. Intercept drug traffickers' aircraft.
2. Capture the heads of the drug rings ("firms").
3. Neutralize clandestine landing strips.
4. Restrict sale and transportation of precursors for drug production.
5. Confiscate drugs and precursors.

6. Eradicate nurseries.

c. Implement joint mobile mechanisms (Desto [expansion unknown], LP [expansion unknown], VI [expansion unknown], PNP-AD [expansion unknown] in the towns with greater TID [illegal drug trafficking] (Saposoa, Sion, Pizana, Vellavista).

d. Establish an alert system against TID: CG [expansion unknown] Huallaga Front-Battalion C/S-Countersubversive Bases.

e. Make the BBCCSS [countersubversive bases] directly responsible for controlling the clandestine landing strips located near their countersubversive bases.

f. Issue rules and regulations to control the helicopters assigned to the Huallaga Front, for flights within the front jurisdiction as well as for their departure for maintenance purposes toward the AE [expansion unknown] (Lima).

g. Prohibit countersubversive bases from receiving any type of support (foodstuffs, money, etc) from authorities or inhabitants in general.

h. Ensure frequent visits of members of the high command and the immediate participation of inspectors when actions related to drug trafficking are uncovered.

i. Those responsible for actions that violate the military discipline or mar the intitution's image should be subject to disciplinary sanctions and placed at the disposal of the Army Officers and Auxiliary Personnel Command.

j. Include any officer involved in drug trafficking activities, no matter his rank, in the investigations.

6. Measures adopted by the Army Command

a. With the purpose of stepping up control and investigation into cases related to drug trafficking, the number of inspectors has been increased based on their known capacity, professionalism, and sound moral standards.

b. The bases are prohibited from receiving any logistical support in the form of personnel outside the Army.

c. Special treatment in the distribution of supplies, even advancing distribution corresponding to two months' worth.

d. Rotation of the Countersubversive Bases commanders and personnel, allowing for the well-being of their members and reducing the possibility of becoming familiar with the people of the zone, especially if it has to do with coca production zones.

e. Rules and regulations to control the helicopters and aircraft giving the commanders of the National Security Zones or Fronts specific responsibilities in controlling the tactical and administrative movement of the military aircraft.

f. Frequent visits by members of the high command to the different Fronts and Countersubversive Bases in the zones declared in a state of emergency.

g. Immediate participation by the Army General Inspection System after learning about actions that affect institutional discipline and image.

i. [letter as published] Special allocation of housing facilities for officers and auxiliary personnel serving in the emergency zone, disregarding the established time limits.

j. Payment of a special allowance to personnel serving in emergency zones who are going on vacation.

k. Free airfare on support aircraft for personnel serving in the emergency zones who are going on vacation.

l. Special clothing supplies for personnel (officers, technicians, non-commissioned officers, and TSM [expansion unknown]) working in the emergency zones.

m. Free vacation programs at a summer resort for head members and their direct relatives (transportation, lodging, and food).

Appeal and reflection to the citizenry

a. For the Army, drug trafficking represents a crime against mankind because it is a scourge that attacks the democratic system, destroys the environment, generates a corrupt underground without any moral and spiritual values, destroys youth, and ignores society's human rights.

b. In this sense, the institution will continue to strictly implement its policy of subjecting the authors of these serious crimes to disciplinary measures, without exaggerating but also without reducing in the slightest their responsibility for the crimes, without cruelty but in an inflexible manner, without a sensationalism that violates the human rights and honor of the relatives of those responsible.

c. The citizenry may rest assured that the Armed Forces will not give up its struggle against drug trafficking and narco-terrorism, and that any biased campaign designed to hinder the Army's moralization policy will receive the adequate response.

[Dated] Lima, 14 December 1994

[Signed] Army Information Office

No. 151294

APRA Decides To Maintain Cabanillas' Candidacy

PY0501002395 Lima LA REPUBLICA in Spanish 26 Dec 94 p 3

[FBIS Translated Excerpt] After making an evaluation this past weekend of the results that would ensue if her candidacy were dropped in favor of joining a proposed consensus, the APRA [American Popular Revolutionary Alliance] has decided to maintain Mercedes Cabanillas' candidacy for the presidency to the very end.

Referring to former Senator Gustavo Mohme's proposal, she said: "We have studied this proposal and we believe that it is based on a good intention, but the APRA complies with the idea that we must keep our position because our proposal has roots, content, and a popular position."

She explained that when she says "popular" she is not referring to "demagoguery" but to "putting the Peruvian people's interests and rights in the appropriate position within a process of modernization and of economic universalization that must go hand in hand with social justice and the fulfillment of the aspirations of the majority of the people."

She added that the meeting of her party's leaders to discuss the pros and cons of the initiative posed by representatives of the opposition forces is in line with the respect for Gustavo Mohme, who "deserves our consideration because of his political background, his work over the past few years organizing a true opposition to Fujimori's government model."

She added, however, that the APRA will not give up and will strengthen its program, which "is different from Fujimori's dogmatic neoliberal plan, and since we are democrats, we bet on the people's organization, on the civic maturity and the democratic awareness of the Peruvian people.

Cabanillas said that for that reason, her candidacy reflects all those factors and "we could by no means give up the candidacy."

She added that the decision to continue her candidacy "is not a personal position because any Peruvian must always be open to any type of coalitions and agreements."

The APRA presidential candidate said that her party's political committee has taken this decision in a serene manner, taking as a basis the analysis of the current political situation. [passage omitted]

UPP Candidate on Economy, Democracy

95SM0098A Lima SI in Spanish 27 Nov 94 pp 22-25

[Interview with Guido Pennano, second vice presidential candidate of the Union for Peru, UPP, and former minister of industry, by Victor Carranza; place and date not given: "Guido Pennano: Current Economic Model Not Viable Long Term"]

[Text] [Carranza] One gets the impression that the UPP leaders basically approve of the current economic model. Is that true?

[Pennano] No, it is not. We of the UPP are emphasizing that this model is not viable long term, whether economically, socially, or politically. Personally, after I became minister of industry I repeatedly said at cabinet meetings—and this is recorded in the minutes of those meetings—that some features of this model are extremely troubling. And I have been saying the same thing ever since I resigned as minister in March 1991.

[Carranza] What is it that is troubling? Is it certain components of the model, or is it the logic of the model?

[Pennano] What is troubling is the economic logic.... Let's be frank about it: This model in essence calls for growth based on the entry of foreign capital and on imports. This is a perverse theory, for no economy in the world can have stable and sustained growth over the long term if it has a permanent deficit in the balance of trade. The social sector, however, is where we find the biggest deficit, inasmuch as this model does not generate employment nor does it offer any possibilities for the generation and export of domestic value-added products to the rest of the world. Growth is currently based on the exploitation of natural resources, which does not broaden the social basis of the economy. The greatest benefits of this economic "growth" are not reaching most Peruvians, and this is why many of them are asking: "How is it that the economy is improving but my situation is no better?"

[Carranza] In what ways is your economic proposal different from—or similar to—the proposal of the surprise candidate Toledo?

[Pennano] The truth is that you would have to ask Toledo, because I haven't a clue as to what his economic proposal is. There are no clues. Last night, for example, at a meeting held to discuss economic alternatives, he expressed himself in very general terms—nothing specific—and concluded by talking about the situation of immigrants in the United States. As you can see, I am not aware of his proposal....

[Carranza] Do you share the view that this model is a package that was designed abroad and brought here CKD [completely knocked down] solely for assembly?

[Pennano] Of course.

[Carranza] Designed by the IMF?

[Pennano] Beyond any doubt.

[Carranza] But the government is praising its successes....

[Pennano] From the government's standpoint, if I had to give it a grade on a scale from zero to 20, I would give it a 20. Do you know why? Because you have to judge things on the basis of their initial objectives. This model was designed to enable Peru to pay its debt, and for that purpose it is working perfectly, in fact brilliantly. Its purpose was never to generate exports or employment, nor to create a better quality of life; and if it was not created for that purpose, then we cannot expect the impossible.... That is why I maintain that the model must be changed.

[Carranza] Does this government have an alternative to its own model?

[Pennano] I do not believe it has.

[Carranza] Do you in the UPP have an alternative model?

[Pennano] To be sure, but it is part of an overall proposal that we define as a national plan. In its economic aspect, our plan can be illustrated by saying that at present Peru's borders have been opened indiscriminately to the rest of the world, and so we are proposing that the world's borders must now be opened to Peru. We must create a competitive export economy that generates added value; we must resolve the problem of the principal malfunction by generating surpluses, using the methods employed by developed countries ever since Adam Smith; and we must make foreign trade, exports, and the penetration of other markets the basis for generating surpluses in order to promote the common good. Only in this way will a plan be achieved that involves all social strata in the nation and that is stable both politically and economically.

[Carranza] Is that not too ambitious a task in a country such as ours that is torn apart by social and ethnic conflict?

[Pennano] Peru is in fact a country that is totally fragmented. Unity does not exist either in the business class, or in the working classes, or in the middle classes, and consequently none of these classes has an identity that would give it a strategic role in society. Manuel Moreyra once commented at a meeting of miners: "What is good for mining is not necessarily good for Peru, but what is good for Peru is necessarily good for Peruvian mining." Defining what is good for Peru becomes a fundamental prerequisite for putting together a national project. Japanese entrepreneurs would not be so influential today if the Japanese economy—and Japan proper—did not have the economic influence that they have in the world both as a country and as an economy. Here in Peru, none of the social sectors has any concept of what we should do as a nation. We chose developmental options for the interior of the country, and that meant disputes in connection with the distribution of the surpluses generated domestically. This in turn led to a pendulum-like situation in which the modest profits that accrued were transferred from one sector to another when we had a populist government and then back to the other sector when we had extreme free enterprise-oriented governments. On the other hand, those countries that had a genuinely national plan lined up all sectors of society, which were united by the prospect of extracting trade surpluses from other economies by means of a trading relationship that produced a favorable balance of trade. This vision of a world presence is what defines a national plan.

[Carranza] A national plan based on an entrepreneurial class that has been accused of having $200 billion in foreign countries and not investing its money here?

[Pennano] The fact that a businessman derives his resources from foreign banks is a question not of one's identity but of the market. Businessmen seek regulations that are unambiguous and stable. This explains why—in a period as brief as the first two years of the Fujimori administration—more than $2.5 billion returned to Peru. The problem is that for the past 30 years, doing business in Peru—in a Peru managed by politicians who had no idea of what creating a business enterprise entails—has been a somewhat schizophrenic undertaking. Moreover, I believe that the national strategy should be led not by an entrepreneurial class but by a political leadership class. I believe it is the political class that is at fault here, not the entrepreneurial class. In those countries where a national plan has been successfully formulated, the process was led not by the entrepreneurs but by the political class. In Japan it was the Meiji dynasty that enforced an economic, social, and political logic, and in Germany it was the political class under Bismarck's leadership. What we in Peru lack—and what we have lacked in the past—is a political class that is capable of offering all social sectors a share of the benefits derived from a national plan....

[Carranza] Doesn't the presence of "independents" weaken still further the precarious institutionality of our political class?

[Pennano] The matter is more complex than that. The independent candidates are springing up because the traditional political class has clearly run out of ideas and most Peruvians believe that it has failed to offer a viable national plan. And unless we view the current economic situation as an isolated phenomenon in Peruvian history, the objective fact of the new political challenges leads us to conclude that we are moving toward the creation of new political parties in Peru. It is my perception that we are in the midst of a new process that involves the disappearance of the traditional political parties and the emergence of new or renovated political parties.

[Carranza] Vargas Llosa was saying something similar, but the old parties remained and a schism developed in his Freedom Movement.

[Pennano] Yes, but the movement did not break up. If we make a careful assessment, we will verify the fact that the Freedom Movement, its theses, and its leaders have not in any sense broken up. The person who continues to be the most effective exponent of the theses of the Freedom Movement is Alberto Fujimori. Moreover, important members of the movement—the Reys, among others—are a part of the the current president's entourage. The ideology of the Freedom prescription—and its application—are very clearly exemplified there, however much that fact may annoy Mr. Vargas Llosa. What is happening is that in the process of reconstructing the political parties, adaptations have taken place that are logical only in crisis situations, such as the one we are now experiencing. The need for these adaptations has caused Fujimori—who could not have governed for four years in accordance with strictly independent criteria—to consolidate an entire functioning political structure by making various readjustments. Fujimori is a politician just like any other politician.

[Carranza] Someone has said that Fujimori has been transformed into the most traditional of politicians....

[Pennano] He has indeed. That is my view as well.

[Carranza] Are there any proposals within the UPP to consolidate this movement into a political party and make it an organic political option?

[Pennano] Later on, yes, but not at the present moment and not all at once, because we can neither speed up the pace of events nor anticipate them. Let us remember, however, that the structural changes taking place in Peru require new kinds of political representation.

[Carranza] The structural changes also deserve political recognition. I am referring to the regional and ethnic unrest among people who feel they are not represented in the government. Does the UPP have an alternative plan in this connection?

[Pennano] We not only understand the wonderful diversity of Peruvian society but have associated ourselves with its basic demands: namely, decentralization and a democratic system that recognizes regional and ethnic identities. We want to do this in an honorable manner, however. We shall tell the Andeans and Ashaninkas in a straightforward way what we are prepared to do for them. We are committed to political recognition of their cultural demands and of their languages. We want to create areas of convergence, of mutual respect for identities. This entails progressing beyond the false and perverse use of their cultural symbols. We are opposed to Perez de Cuellar's wearing Ashaninka caps—as the other candidates have done—merely to win votes. We are not prepared to do that. I have never seen any presidential candidate in Europe—not Mitterrand, not Mrs. Thatcher—having to dress or masquerade in a certain way, in different regions, in order to win votes. The relationship of identity and commitment between politicians and their constituencies must be based on a political program. That is what we propose to develop, and the basis of our proposal—the master key to our proposal—is democracy.

[Carranza] Several analysts say that although the democratic banners are attractive to the middle classes and are ideologized by them, they would not win votes among the popular majorities who—paradoxically—are in accord with authoritarian proposals, as exemplified by their support of the 5 April coup....

[Pennano] We are aware of this context, but we are putting our faith in democracy. We do not conceive of development without autonomy for municipal, regional, and professional institutions such as the judiciary, for example. The truth is that if Peruvians have not yet known genuine democracy in their country, they can hardly be expected to defend it. That is the complicated electoral context in which we shall be acting. It is not going to be easy, but it is the only course to follow. A country without a balance of power, where all decisions are concentrated in an impressive mannner, where one person controls and decides everything, where no one voices an opinion without receiving an order from "him"—that country smells like a dictatorship. I heard today that our president-candidate would not accept any rules of the game imposed on him by the National Election Board.... The people should be advised that we are electing a president, not a despot!

[Carranza] Would a presidential victory by Fujimori, if counterbalanced by an opposition majority in Congress, be politically manageable?

[Pennano] Mrs. Martha Chavez has already said that if a Congress is elected with which they disagree, they will not be disposed—nor will they desire—to coordinate or compromise with it. She repeated the famous phrase: "In any case, we can close it down." That already tells us a lot.

[Carranza] In the probable event of a victory by Perez de Cuellar, would he take action against the coup of 5 April and punish those who staged it?

[Pennano] We want to outlaw political vendettas. We want to build for the future and ally ourselves with those who unite us. Let us not forget, however, that a majority—a very regulated majority, to be sure—approved by referendum tbe existing rules of the political game. What we shall do for sure is abolish the law that authorizes the reelection of a president. We are not endorsing the coup of 5 April, far from it. What we want is to move the ship of state forward.

Uruguay

Study: Mercosur Poses Problems for 'Most' Companies

PY0601021195 Buenos Aires TELAM in Spanish 1515 GMT 5 Jan 95

[FBIS Translated Text] Montevideo, 5 Jan (TELAM-SEM)—A study on competitiveness released in this capital today revealed that most Uruguayan companies will have difficulties successfully competing in the Mercosur [Common Market of the South].

The report points out that some of the problems are the lack of knowledge of foreign markets, lack of entrepreneurial strategy and marketing policies, and low investments.

DPA says that the study was carried out by the government Industries Commission for Mercosur (Comisec) [Comision Sectorial para el Mercosur] of Uruguay, a partner of Argentina, Brazil, and Paraguay in this economic group.

The Comisec study, supported by the Inter-American Development Bank, the EU, and the United Nations, measures Uruguayan productive sectors' conditions of competitiveness at the time of joining the customs union, which was activated by Mercosur on 1 January.

The investigation recognizes the incidence of external factors and Luis Alberto Lacalle's economic policies on Uruguayan companies' competitiveness. The main problems, however, derive from what is lacking.

The difficulties to meet required quality standards, organization difficulties, and the partial lack of technological modernization are other factors affecting the competitiveness of Uruguayan companies in Mercosur.

The report shows that the areas most affected by the regional integration process launched by the four countries in 1991 through the Asuncion Treaty will be the areas of basic chemical industry, paper industry, electronic products, and agricultural raw material by-products.

The report says: "The weight of Argentine and Brazilian competition will be felt. The possibility of survival is linked to Uruguayan companies' capacity to differentiate their products."

Industries that traditionally had a strong presence abroad are in a good position in the starting block. According to the study, this category includes the Uruguayan cold packaging industry and wool fabrics and clothing.

The report recommends to Uruguayan companies a definition of marketing policies and the differentiation of their products through quality to recover their competitiveness in the regional market.

The study also suggests the elaboration of public policies aimed at supporting the restructuring of specific industries and seeking to support their technological renewal and productive innovation.

Venezuela

Minister on Efforts To Pursue Economic Criminals Overseas

PA0601014095 Caracas REPORTE DE LA ECONOMIA in Spanish 4 Jan 95 p 3

[FBIS Translated Text] Venezuelan Foreign Minister Miguel Angel Burelli Rivas reported that the government is speeding up talks to join an agreement between the United States and other hemisphere countries under which the signatories can gain access to personal bank accounts in the United States.

Burelli Rivas said that in this way the country can both initiate a process to recover money illegally withdrawn from the government's treasury and prosecute crimes against the state banking system.

"We are speeding up our entry into the U.S. agreement to gain access to bank accounts and recover money that has been withdrawn from the treasury. The agreement was renewed recently," he said.

The minister also said his ministry continues to place paid advertisements in international media reporting criminals by name and stating that they are wanted by Venezuelan authorities.

"We have placed these ads in newspapers in the most important countries where these people reside to make it clearly understood why these people are wanted in Venezuela. The countries in which such ads have been run include the United States, France, Spain, Colombia, and Argentina," he concluded.

Minister: 'Excessive Liquidity Will Be Drained' in Feb

PA0501233895 Caracas EL GLOBO in Spanish 4 Jan 95 p 13

[FBIS Translated Text] VENPRES—Venezuelan Finance Minister Julio Sosa Rodriguez announced that excessive liquidity will be drained in February and that fiscal problems will be solved in 1995. He said the executive established priorities to reduce public spending in areas where it is possible to do so. "We will see that public spending is not excessive if we compare Venezuela's total expenses to its gross national product," he said.

The minister also reported: "The country's true problem is how to intelligently spend public money and to efficiently provide services, something which taxpayers will demand once more." He said 1994 was the first year when nonoil income contributed 50 percent of the fiscal revenue.

The minister added the foreign debt has three components. First, there is the refinanced debt due in 2023, part of which is already backed by the U.S. Treasury zero coupon bonds, purchased by the Central Bank.

Next, there is the nonrefinanced debt, which consists of three parts: the debt of the state enterprises, which will gradually be amortized as certain enterprises are restructured and privatized. This debt amounts to $2.5 billion. There is the refinanced debt, which amounts to $17.5 billion, and the debt owed to multilateral organizations, such as the World Bank and the IDB [Inter-American Development Bank]. "The service of this debt, which is being paid off, has been refinanced according to time. We can coexist with it."

Finally, "we also have a nonrefinanced debt, which amounts to $5 billion and will be amortized with the issuance of certain securities with a 15-year maturity," he said.

Minister Says Price Controls Will Remain

PA0501225895 Caracas Union Radio Network in Spanish 2200 GMT 3 Jan 95

[Report by Isa Marino; from the "Union Radio News" newscast]

[FBIS Translated Text] The day's most important news involves the statements given by Agriculture and Livestock Minister Ciro Anez Fonseca, who said price controls will remain in effect, for some time at least, even though the price consultation mechanism is almost defined. The mechanism will involve the participation of producers and the agriculture and livestock industry as well as the Agriculture and Livestock Ministry and the Development Ministry.

The price consultation plan, which would fully replace the price control system, is practically defined, but it will not be implemented for the time being, judging from the statements given by the agriculture and livestock minister.

Nevertheless, it is important to stress that the sector was among those that registered the highest increase in prices during 1994 despite the price controls in certain food products, as surmised by the inflation figures revealed by the Central Bank of Venezuela.

Moreover, Agriculture and Livestock Minister Anez Fonseca has said price controls will not be lifted until an agreement is reached, because the government's policy guarantees supplies.

Venezuela's high dependence on foreign products is a reality despite current price controls, but his ministry is attempting to amend the situation by encouraging the agricultural production sector, he said.

The minister said the sector faced problems in 1994, because the agricultural production process was behind schedule, but this point has almost been overcome. Anez Fonseca said 1995 will be a great year, because national production will definitely pull through, regarding financing and special programs for each priority sector so producers may know how much they must sow:

[Begin Anez recording] We will do it in coordination with the producers and the agricultural industrialists. It is a consultation process, because we will progressively solve the price control problem, something which we cannot do without a consultation. [end recording]

Price controls should be lifted by the second quarter, according to the agriculture and livestock minister. The controls will remain in effect only if a concerted process is not implemented, because the increase in prices represents a structural increase of the Venezuelan economic policy.

Intervention Board Urges Liquidation of Bank of Maracaibo

PA0601023895 Caracas Union Radio Network in Spanish 2200 GMT 4 Jan 95

[Report by Zayda Pereira; from the "Union Radio News" newscast]

[FBIS Translated Text] Enrique Auber, president of the Bank of Maracaibo intervention board, is recommending the bank's liquidation. The intervention board proposed to the Bank Superintendency the Maracaibo Group's liquidation and the reorganization of the Financiera Maracaibo leasing company to ensure that it becomes a commercial bank.

Board President Auber met with representatives of the Bank Superintendency, Fogade [Deposit Guarantee and Banking Protection Fund], and the Finance Ministry to deliver and evaluate the proposal that would keep this regional entity operating in the Andean states of Zulia and Falcon.

[Begin Auber recording] [Words indistinct] the process to liquidate the rest of the financial group, as was mentioned some 20 days ago, and as was the case with the other eight banks, whose liquidations, I understand, will be proposed by their intervention boards this week. [end recording]

This decision could resolve the problems of Zulia residents, because the Financiera Maracaibo leasing company would continue to operate as a regional enterprise.

New Air Force Commander Outlines Goals, Discusses Incident

PA0501194295 Caracas Venezolana de Television Network in Spanish 1630 GMT 5 Jan 95

[Report by Adriana Cabrera; from "The News" newscast]

[FBIS Translated Text] Today was change of command day in the four military branches of the Venezuelan Armed Forces. The Air Force ceremony was held this morning at the Generalissimo Francisco de Miranda Air Force Base.

Certain that he has received a sound Air Force without any self- destructive attitudes, Division General Jose Agustin Borges Blasco committed himself to keeping the Force united while promoting its technological evolution.

His goals include significant changes in this military force, which will put his organizational abilities to the test. The changes include the organization financing of some of its own operational aspects and promoting the best possible use of all resources amid budget restrictions.

[Begin recording] [Borges Blasco] The idea is to put the country's technology to work and utilize available resources to enhance the Force's operational capability to handle our country's problems, especially in the border regions, the southern border, with traffickers of illegal immigrants and Brazilian gold seekers. We are all aware of the problems on the southwestern border [words indistinct].

[Gen. Otto Jespar Garcia] He will give continuity to our projects and work. The Air Force has traditionally followed up on and completed the programs it has begun. [end recording]

Aware of Venezuela's demand for work within its institutions, and particularly mindful of what the people think, the new Air Force commander also made a commitment to fight neglect and carelessness to avoid the consequences of these infamous vices.

The new Air Force commander was initiated in his new post with an incident last night at La Carlota Air Force Base. Retired Air Force officers carried out an irregular mobilization and seized a civilian airplane. There is no report yet on their objective.

[Begin recording] [Borges Blasco] This was not a hijacking attempt. Some retired officers tried to seize an airplane here on the base, but measures were taken and nothing happened.

[Unidentified reporter] Was this a military plane?

[Borges Blasco] No, it was not a military plane, it was a civilian airplane. The matter is being investigated, so I cannot add anything else. [end recording]

Guyana

President Praises 'Trinidad Terms' for Debt

FL0401141095 Bridgetown CANA in English 1740 GMT 3 Jan 95

[By Rickey Singh]

[FBIS Transcribed Text] Bridgetown, Barbados, Jan. 3, CANA—Guyana's President Cheddi Jagan has commended Prime Minister John Major for Britain's "constructive role" in influencing the Paris Club to ease the debt burden of some 22 countries, among them his own Caricom member state.

Finance Minister Asgar Ally told CANA Tuesday that President Jagan was "very much encouraged" by the outcome of last month's (December 15) Paris Club Meeting on the crucial question of debt write-offs for the world's poorest nations. "The president personally sent a note of appreciation to Prime Minister Major for the constructive role Britain played and continues to play in helping the heavily indebted poor nations to rid themselves of this burden...

"I have also been in communication with the British Chancellor of the Exchequer on this matter," said Ally.

Saddled with an external debt burden of U.S.$2.1 billion (G1; 0.8 U.S. cent) in bilateral and multilateral debt Guyana stands to benefit from an additional U.S.$15-20 million in bilateral debt write-offs. This would be as a direct result of the last meeting of the Paris Club under what is known as the so-called "Trinidad terms"—an initiative of Prime Minister Major that dates back to the 1990 meeting in the Trinidad and Tobago capital, Port-of-Spain.

Guyana is the only Caribbean nation among the world's 22 poorest countries to benefit from the debt write-offs scheme, with the first beneficiaries in 1995 expected to be Nicaragua and Bolivia, two of the three Latin American qualifying countries. The third is Honduras.

Guyana is currently spending approximately U.S.$100 million to service its combined bilateral and multilateral debts, according to Finance Minister Ally. Speaking to CANA in a telephone interview from Georgetown amid preparations to present his 1995 budget by month end, Minister Ally explained that the debt service burden was equivalent to the total earnings by the Guyana Central Bank from all gold and sugar export revenues.

While the level of the country's external debts remains at approximately what the government inherited when it took office from the previous People's National Congress administration in November 1992, the government was "contracting new debts at favourable or concessional terms", said the finance minister.

The bulk of the multilateral debt is owed to the International Monetary Fund and the Inter-American Development Bank while almost 50 percent of the estimated U.S.$900 million bilateral debt has long been outstanding to Trinidad and Tobago.

However, as a consequence of the Paris Club decisions, Guyana stands to benefit from a "most desirable breathing space" in the honouring of its obligations to that twin-island Caricom neighbour in accordance with the "Trinidad terms formula" for debt servicing.

The Barbados-based British High Commission for the Eastern Caribbean has released the "agreement in principle" of the Paris Club decision of December 15 to ease the debt burden on "the severely indebted low income countries from 50-67 percent". The statement quoted Britain's Chancellor of the Exchequer, Kenneth Clarke as welcoming the decision by creditor governments (members of the Paris Club) to pursue the course of 67 percent write-offs of bilateral official debt of the poorest and most indebted countries.

The decision reached at the Paris Club meeting reflected "substantial efforts and pressure" from the United Kingdom ever since Prime Minister Major announced his "Trinidad terms" initiative in 1990, according to the statement from the British High Commission.

To date, total write-offs of debt to 22 countries that also include Honduras, Vietnam and several African states, including Sierra Leone, Tanzania, Zambia, Mali, Mozambique and Senegal, amount to approximately U.S.$3 billion over the past four years.

Chancellor of the Exchequer, Clarke, said that "there are welcome signs that many very poor countries are now acquiring better governments and a better understanding of how a market economy works". Nevertheless, as Clarke noted, these were still not enough for some of the poorest countries burdened with debt that can never be repaid.

"That is why the British Government," he added, "has taken the lead internationally in seeking solutions to the debt problem".

The Guyana finance minister said while managing the economy within the constraints of the terms imposed by the international financial institutions continued to be "difficult", his government was "pleased" over being rated by the European Union as number two in good governance and proper use of resources among poor and heavily indebted countries.

Minister Ally said government was hoping to provide further across-the-board minimum wage increases of approximately 15 percent for public sector workers. "Our public sector workers are among the poorest paid in the Caricom region," said the minister. But the government has managed to increase pay levels from a low of G3,100 in 1992 to G5,500 by 1994 apart from a separate pay hike-package for the country's teachers. Among workers expected to benefit from salary increases in the new budget for 1995 will be police officers.

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, military, economic, environmental, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available sources. It should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed. Except for excluding certain diacritics, FBIS renders personal names and place-names in accordance with the romanization systems approved for U.S. Government publications by the U.S. Board of Geographic Names.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Central Eurasia, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735,or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.